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Tony Wilson

TO STUDENTS.

The price of this book does not include the free correction of exercises, free keys, postal tuition or correspondence. The **Key** *to any* **one Exercise** *or* **Exam. Paper** *may be had for* **1/1** *post free, for cash, from—*

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TO CORRESPONDENTS.

Courtesy requires that all letters requesting favours or information should contain a **stamped-addressed envelope** *for reply. The author does not enter into correspondence relative to Examination Papers. All such letters should be addressed to the Examiners or examining bodies concerned.*

Cornelius Wilson.

Cornelius Wilson.
Brookfield
Doagh
Co Antrim.

— The — STUDENT'S ELEMENTARY COMMERCIAL BOOK-KEEPING

ACCOUNTING and BANKING,

COMPRISING THE PRINCIPLES AND PRACTICE OF DOUBLE ENTRY AS APPLIED TO MODERN BUSINESS, AND INCLUDING A COURSE OF TRAINING FOR JUNIOR EXAMINATIONS,

BY

ARTHUR FIELDHOUSE,

FELLOW of the ROYAL SOCIETY of ARTS.
EXAMINER, ACCOUNTANT AND AUDITOR.

AUTHOR OF

"The Student's Business Methods and Commercial Correspondence";
"The Student's Phonographic Shorthand Exercises";

AND

E. EWART FIELDHOUSE, M.A., LL.B., Cantab.,
SOLICITOR of the SUPREME COURT.

THIRTY-THIRD EDITION.

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PREFACE to the THIRTY-THIRD EDITION.

The present edition has not only been thoroughly **revised** and entirely **reprinted,** but it has also been **enlarged,** so as to include most of the recent **elementary** and **intermediate examination papers.** No other work on this subject possesses the **advantage** of having been written by one who combines the knowledge and experience of **modern business** and accountancy with the requirements of the classroom, where he has taught 3,000 students; in other words, he is, at once, a **business man,** a **practising accountant,** and a **teacher.**

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As an **Examination Guide** it is unequalled. **One thousand Gold, Silver** and **Bronze Medals,** and **Prizes,** including one **Cash Prize** of **£100,** secured by students of this book, all at recent competitive public examinations, is, indeed, a marvellous record.

As a **Twentieth-Century Work** of **reference** and **office handbook** it is becoming increasingly popular, being in constant use in **hundreds** of **accountants' offices.** *A dozen men in our office have made it their companion,* says one of many correspondents. A glance at the **Index** is sufficient to convince anyone of the **permanent value** of the book. The **list** of **schools** using this book in **London,** the **Provinces,** and throughout the **British Empire,** as well as the hundreds of testimonials received, would require a substantial book for their reproduction.

A.F. and E.E.F.

66 Trinity Street,
Huddersfield, Yorks.
January, 1926.

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INTRODUCTION.

A knowledge of Book-keeping is absolutely essential to the satisfactory conduct of any business, however small. A **Merchant's books** may be regarded as his mercantile chart, from the consultation of which he should be able to ascertain, not only his exact position on the turbulent sea of commerce, but also to learn whether the course he is pursuing is likely to take him into the harbour of competence and wealth, or the Official Receiver's refuge.

It is a matter for regret that **penal laws** should be found at all necessary. On the Continent the use of the "Journal" (in which *every entry* must be made before posting to the Ledger, this being known as the **Continental System,**) is made compulsory, under heavy penalties for non-compliance; and in our own country **bankrupts** are liable to punishment for failing to keep a sufficient record of their business transactions. One would have thought that the satisfaction arising from recording their affairs in accordance with correct methods of book-keeping, would be sufficient inducement to traders to learn to understand and practice thoroughly systematic and intelligent Book-keeping. That this is not so, is evidenced by the fact that, every year, hundreds pass through the Bankruptcy Court, who have either kept no books at all, or those kept are scarcely intelligible. Next to extravagance, inefficient book-keeping is one of the principal causes of insolvency.

The cause of such a state of things is, probably, not far to seek, for while adequate facilities for all kinds of professional training have been provided in this country, **commercial education** has been sadly neglected, and it is only during recent years that attempts, more or less serious, have been made to remedy this state of affairs.

Training is quite as necessary for a **commercial life** as it is for a professional one; and unless the youths of this country become willing to equip themselves thoroughly for the career upon which they enter, they will assuredly have to stand down while others will take their places.

SUGGESTIONS for TEACHERS.

1. As suggested by the **Syllabus** of the **West Riding County Council** each class should be taught collectively ; a portion of each lesson being devoted to the explanation of principles, transactions and terms, and a portion to the elucidation of difficulties met with in the home work. The class should be questioned as to the correct way of entering up each transaction, and the reason therefor.

2. **In addition** to dealing with the explanatory matter occurring between, and relative to, each exercise, you should also include in the lesson the explanation of a few of the **mercantile terms,** as well as the filling up of cheques, bills, and other forms specified by the Syllabus.

3. Although the first nineteen exercises are not essential, I find the working thereof of such service to **beginners,** by reason of their **educational** value and the material improvement it effects in the style of the pupil's subsequent work, as to warrant their inclusion.

4. Generally speaking the **Syllabuses** of the public examining bodies are covered in the **Elementary Stage** by working exercises 1 to 35, in the **Intermediate Stage** by working up to exercise 100, and in the **Advanced Stage** by working up to the end of the **Complete** or **Advanced** book.

5. In order to fix thoroughly the **principle** of **double entry** in the student's mind the nine exercises, 19 to 25, should first be journalised, posted, and a trial balance prepared. Then the next exercise, 26 (page 96) should be worked on the **practical** method only, followed by the re-working of exercises 20 to 25 on the same method. The students will then be able to compare the theoretical with the practical method of recording the same transactions. The six exercises, 27 to 32, are specially designed for **practical working** only, after which all the exercises in the book should be worked practically. The **answers** to exercises 20 to 32 are given on page 30.

6. The **tendency** of **modern examinations** is to require from the candidate a more detailed acquaintance with the **practical methods,** used in business houses than was formerly the case. Some Examiners are so possessed with the idea of the **practical** that they either neglect or discount the theoretical and educational aspect of the subject. In other words, they recommend beginners to learn **practical** Book-keeping before acquiring a

sound knowledge of the theory and principles. Every teacher knows that this method is educationally wrong. Those teachers who, contrary to the advice of the author, wish to teach practical Book-keeping from the very first lesson may do so by commencing with the chapter on **Practical Book-keeping, page 79.** No more exhaustive exposition of elementary practical work will be found in any book on the market.

7. In the examinations of the **Royal Society of Arts** and the **London Chamber of Commerce** special emphasis is put upon the necesssity of recording every transaction in the most **modern, practical** manner, as expounded in the chapter on Practical Book-keeping, pages 79 to 122. This involves the opening of **separate accounts** for Stock, Purchases, Returns Outwards, Sales, Returns Inwards, Carriage, Wages, Interest, Discount, Commission, Bad Debts, Rates and Taxes, Travelling Expenses, etc. When recording transactions involving **Trade Discount** care should always be taken to deduct the discount and only post the net amount. Particular care should be taken not to overlook the **Discount** on **Returns.** See the following example from the R.S.A. Elementary Exam. Paper for May, 1923 :—

1923. **SALES BOOK.**

Mar. 8.	G. Brown :—				
	6 Lawn Mowers @ £5/3/6...	£31	1	-	
	Less 10% trade discount...	3	2	1	
					£27 18 11

1923. **RETURNS INWARDS BOOK.**

Mar. 19.	G. Brown :—				
	1 Lawn Mower, defective ...	£5	3	6	
	Less 10% trade discount...		10	4	
					£4 13 2

8. The **Exercises** and **Examination Papers** included in this work are **larger** in **number** and **greater** in **variety** than those contained in any other textbook, covering every conceivable transaction in all stages of the subject. The Teacher has choice of Exercises and Papers of **varying length,** some of which may be worked in a few minutes, while others require two or three hours. It is quite impossible to include every Examination Paper in a work of this description, as upwards of **100 Papers** are set each year. The average Examination Paper is merely a duplication of common transactions. It is important, however, that the **text** should be kept **up-to-date,** and this is the only textbook which is able to do this by reason of the fact that it is **revised** and entirely **reprinted** every two years. It is also worthy of note that this is the only work to which there is a **FULL KEY,** a new edition of which has recently been published, including the solutions to the Examination Papers for **1924.**

INSTRUCTIONS to STUDENTS.

1. You will be required to **provide yourself** with such **Manuscript Books** as directed by the teacher. Those sold by the Author, **Arthur Fieldhouse, P.O. Box A. 27, Huddersfield, Yorks.,** at **2/4 per set,** post free, will be found very serviceable.

2. Never fail to **bring** with you **to the class** your textbook, note book, manuscript books, *medium pointed* pens and blotting paper. Broad–pointed pen–nibs should never be used.

3. Most of the **exercises** will first need to be worked out on sheets of paper, and, after having been corrected by the teacher, **neatly copied** into your manuscript exercise books.

4. Never leave an exercise unfinished on account of some error, but search it out, remembering that the first essential of Book–keeping is **Accuracy.**

5. Let your **writing** and **figuring** be such as will give a neat appearance to your work. Figures must *not* be joined together. Books kept in a slovenly scrawl, or in flourished writing, are a discredit to the book–keeper and an eyesore to his master. Let **Legibility** and **Neatness** be your motto.

6. When entering an account, place the particulars of the second and each succeeding entry the **same distance** from the left-hand margin as the first entry, so that the *first* letter in each word forms a **perpendicular line** of capital letters; and in the money columns place units under units, tens under tens, &c. To commence one entry further in than another, or to misplace figures, detracts from the orderly appearance of your work.

7. Never insert **noughts** in the money columns when unnecessary to the amount, as they are liable to lead to confusion when totalling. A dot or dash is preferable.

8. Let all horizontal lines be thinly **ruled** in **red ink.** Rule *one line* above every total and *two lines* underneath every *final total,* but do not rule any lines after a total which is *carried forward.*

9. Always place the indication of a £ by the side of each **total,** thus :—£626 10 6.

10. Remember that every transaction must have a **date,** both in the subsidiary books and the Ledger.

11. Do not fail to place **Dr.** and **Cr.** at the head of every account.

12. Write the names and **headings** of books and accounts very **boldly,** so as to make them distinct and conspicuous.

13. The **totals** of both sides of an account should always be placed on a **level** with each other, even though there are not the same number of items on both sides.

14. Never insert **balances** or **totals** in ink until you have checked their correctness.

15. Never scratch out an incorrect entry, but rule it through so that the error may still be visible on inspection. Scratching out is untidy and likely to create suspicion.

16. Regular attendance is of great importance. An evening student should make a point of being present at every meeting of the class, otherwise he finds himself seriously handicapped, as it is generally impossible for his teacher to depart from the syllabus and repeat a lesson—it would be an injustice to those who attend regularly to do so. The progress of a class as a whole is, and must be considered before that of a few stragglers, who often blame their teacher for the result of their own irregularities. **Continuity** of work is essential to progress.

17. Endeavour to be in your class five minutes before the appointed time. The **unpunctuality** of a few frequently wastes the time of many students.

18. If you are desirous of being a credit to yourself and a source of satisfaction to your teacher, do not fail to complete, most carefully, the whole of your **home work.** Without **work,** progress is impossible. Do not wait until the arrival of the next class day before you

commence to hurry through your exercises, but commence immediately you reach home on leaving the class. **Do a portion each day.** Do not wait until you have a complete hour at liberty before you commence your exercises. "Procrastination is the thief of time," therefore utilise the five minutes you have before breakfast, the ten minutes after dinner, the fifteen minutes at tea time, etc., and you will be surprised at the result. In this manner the busiest youth can devote from thirty to sixty minutes **each day** to his studies.

19. If the instructions with reference to the working of the exercises are not complied with, the teacher may not only refuse to correct your work, but may require it to be re–written. Pencil work will on no account be permitted, therefore **use ink always.**

20. You must not forget, in the study you are about to commence, that you will **not** be taught to keep the books of any particular trade, as a grocer, a draper, a cloth merchant or an engineer; but that you will receive instruction in the **principles** of book–keeping and their **general application** to **modern business,** which knowledge may be readily applied to the books of any specific business, which vary only in matters of *detail.*

Efficient book–keeping is an absolute **necessity,** for three reasons: (1) *Personal*, control over the business and the satisfaction of ascertaining results as to true financial position; (2) *Commercial*, business depends to a large extent upon the accuracy of the information conveyed by the books; (3) *Legal*, the avoidance of the penalties incurred in case of Bankruptcy, Income Tax, Super Tax, &c.

PROPER ACCOUNT BOOKS.

"The case of H.J.M., who had traded as an upholsterer in ..... Street, London, E.C., came before the Court upon an application by the debtor for his order of discharge.

His Honour said he noticed that the debtor had kept proper books of account, and they had been periodically balanced. This was so unusual a record that he should mark his appreciation of the debtor's conduct by granting him an immediate order of discharge, subject only to a judgment for £10."

BOOK-KEEPING.

BOOK-KEEPING is the *science* and *art* of recording in books **pecuniary transactions,** so unremittingly and so accurately, that you are able at any time to ascertain (1) the **result** during a given period, (2) the **exact state** of your financial affairs at the end of the period, or any portion of them, with **clearness** and **expedition,** and to **prove** their **accuracy.**

2. The **practice** of scientific book-keeping is no mere experiment, the results of which are doubtful and uncertain. On the contrary, every **result** you obtain may be relied upon as being absolutely accurate, because you can **prove** your books as easily as you can prove a multiplication sum by division. This is very desirable as it affords the information which will enable you to protect yourself against excesses and, generally, keep due control over your business affairs.

3. If all the **facts** relative to your business be properly recorded in your books, you should, at any time, be able to obtain ready answers to the following amongst other questions :—

1. What amount do I owe to each person?
2. What amount is owing to me by each customer?
3. Am I gaining or losing?
4. What are the sources of my gains and losses?
5. Am I solvent or insolvent? If the former, what is the amount of my Capital? If the latter, what is the amount of my deficiency?

4. The principal **cause** of Book-keeping is **Commerce**—the interchange of surplus goods or commodities. Another cause is that of **Services** rendered by professional men. These exchanges result in what are known as **Transactions,** which are the acts performed by **two** persons in buying, selling, paying, receiving; in fact every act involving the transfer of money or money's worth, from **one to another,** and every **exchange for value,** whether money, goods, or debts, which takes place in your affairs. Every financial change which occurs in your business is a transaction, even though no specific act is performed at all; for instance, if you are

informed that one of your debtors had absconded, leaving no assets behind, such a *fact* must be shown in your books, by closing the a/c. of the defaulting debtor. The exercises contained in this book are sets of transactions which, in the first place, it will be your duty **to enter** up in the various books in proper order, and secondly, to prove the accuracy of your work. There are two ways of recording transactions—chronological and classified. The former is advantageous for entering, while the latter is convenient for reference.

5. The **WASTE BOOK** (which is now rarely used in business houses) simply contains a roughly scribbled record of transactions daily arranged in the **order in which they occur,** without any regard whatever to their nature or import. All the **exercises** given in this work are really cuttings or extracts of entries from the Waste Book. (See exercise 19, page 35). The chronological or *in-order-of-date* arrangement of the transactions in the Waste Book facilitates the work of the student book-keeper in entering up his other books.

6. In recording pecuniary transactions **two objects** must be kept in view :—

1. Each record or entry must be so **explicit** that at any future time, the exact nature of the transaction may be readily perceived without the aid of the memory.
2. Each transaction should be so **classified** that at any time the total result of such transactions during any given period, may be easily ascertained.

It will be clear to you, if you are to comply with these two rules, that transactions of a *similar nature or with the same person* must be gathered and collected together in classes or groups, for which *separate* accounts will require to be opened in the Ledger, such as John Smith's account, Henry Clay's account, Cash account, Goods account, Profit & Loss account, &c.

7. AN ACCOUNT is a register of a *particular class* or group of pecuniary or money, *i.e.,* **£ s. d.,** transactions. To register or record a transaction is to make an **entry.**

THE LEDGER.

8. The book which contains this collection of **Accounts** and in which the answers to the questions specified in par. 3 are to be found is called the **Ledger.** It is the **most important** of all Account Books, in fact it is the **only essential** book. It contains a condensed and **classified** record of all the pecuniary transactions of the business, transferred, or posted from the *Books of Original Entry.* The Ledger thus becomes the permanent storehouse of all the transactions, in a form capable of ready reference. It facilitates the prompt collection of money due.

9. It is found convenient and economical in the keeping of accounts to have the pages of the Ledger vertically divided into **two equal parts**; each of which is sub-divided into four sections; the first section being for the date; the second, the particulars; the third, the folio; and the fourth, the amount; as follows:

TWO PERSONAL ACCOUNTS IN THE LEDGER.

Dr. **Alfred Sykes,** 16 Park Row, Leeds. **Cr.**

Date.	Particulars of Transactions.	Fol.	Amount. £	s.	d.	Date.	Particulars of Transactions.	Fol.	Amount. £	s.	d.
1906 Jan. 1	To Goods	3	150	-	-						

Dr. **Asa Clay,** 20 South Lane, Hull. **Cr.**

Date.	Particulars.	Fol.	Amount. £	s.	d.	Date.	Particulars.	Fol.	Amount. £	s.	d.
						1906 Jan. 1	By Goods	3	56	-	-

10. In starting or **opening** an account in the Ledger the first thing to be done is to name or **label** it, as shown in the above examples. Just as a grocer would be careful not to put cayenne into a drawer labelled "Snuff," so you must be careful not to record Sykes's transactions in Clay's account, or *vice versa.*

11. The word **DEBTOR,** used as a noun, means one *who owes value to another;* as an adjective when referring to the debit or left-hand side of an A/c. A **debit** is a charge; hence a person must be debited with what he receives. **To debit** is to charge against, to enter or set down a sum on the debit or left-hand side of an A/c. You will notice from the first account that Sykes, your customer is "**Dr. To** Goods, £150," which means that he is **Debtor** or **owes** this amount to the owner of the Ledger.

The word **CREDITOR** means one to *whom value is owing.* The credit side **(Cr.)** of an A/c. is the right-hand side. **To credit** is to enter or set down a sum on the Cr. or right-hand side. Clay's account shows him to be "**Cr. By** Goods, £56," which means that he is **Creditor** or is **owed** this amount by the owner of the Ledger.

12. The student must bear in mind that each transaction must be considered as having no **connection** whatever with any that precedes or follows; and must therefore treat each one as *standing alone;* otherwise the terms **Dr.** and **Cr.** may appear conflicting.

13. LEDGER ACCOUNTS may be divided into **two** great classes; **Personal,** those having to do with persons, such as merchants and customers; and **Impersonal,** those *not* having to do with persons, such as goods, cash, capital, profit and loss, &c. **Impersonal A/cs.** may be further divided into **Real A/cs.** and **Nominal A/cs.** Therefore, however numerous and varied the a/cs. in the Ledger may be they can all be resolved into **three** classes :—

1. **Personal,** which record transactions with the persons and firms with whom a trader deals; that is, with *debtors* (customers) for sales; and *creditors* for purchases or loans.
2. **Real or Property,** which contains a record of property, possessions or things **owned** by the **trader** as Cash, Goods, Raw Materials, Leases, Buildings, Land, Ships, Furniture, Plant, Machinery, Stores, Stocks and Shares, Cattle, Bills of Exchange, Goodwill, Patents, Copyright, Trade Marks, &c.

3. **Nominal, Fictitious, or Proprietary,** which record the **gains** and **losses,** also the **net worth** of the **trader,** and which supply the results of the trading, such as the Trading A/c., Profit and Loss A/c., or the sub-divisions thereof, as Trade or General Expenses, Interest, Discount, Wages, Bad Debts, Depreciation, Repairs, Renewals, Rates and Taxes, Rents, &c.

14. It will be found instructive in working the following exercises, to regard yourself as A. Pupil, a merchant, whose books you are engaged in entering up. This will prove particularly helpful in deciding the question of Debtor and Creditor.

In order that you may, at once, become familiar with the method of keeping a/cs. in the **principal book,** the **Ledger,** I will, first of all, place before you a few illustrations and exercises on the three classes of a/cs.—Real, Personal, Nominal. First, a **Real** A/c.—

15. CASH. As the receipt and payment of Cash are two of the commonest transactions I will narrate a few, from which you will arrange a Cash A/c., remembering to **debit** yourself with what comes **In,** viz. :—*Receipts*; and to **credit** yourself with what goes **Out,** viz. :—*Payments.*

Exercise 1.

1906. May 1. Cyril Dodd pays me £25
,, 2. Dan Cross do. 30
,, 3. I pay Sam Tate 30
,, 4. Do. John Green 15
,, 5. Do. Henry Wild 5
,, 6. Ben Thorp pays me 10
,, 7. Levi Read do 18

Dr. **My Cash A/c.** **Cr.**

1906	In. Receipts.	£	s.	d	1906	Out. Payments.	£	s.	d.
May1	To C. Dodd	25	-	-	May 3	By S. Tate	30	-	-
2	,, D. Cross	30	-	-	4	,, J Green	15	-	-
6	,, B. Thorp	10	-	-	5	,, H. Wild	5	-	-
7	,, L. Read	18	-	-					

It is quite clear that you *received* items 1, 2, 6, 7, and therefore **debited** your Cash A/c.; and that items 3, 4, 5, were *payments,* which require to be **credited.**

16. You will notice that the word **TO** is prefixed to each entry on the **Dr.** or *left-hand side;* and that the word **BY** is prefixed to each entry on the **Cr.** or *right-hand side* of the above a/c.

You must *never use the name of an a/c. in that a/c.* : thus in the Cash A/c. you must not enter "To" or "By Cash." The fact that an amount requires entering in the Cash A/c. is proof that it is cash. In every a/c. you must show **To** whom or what the a/c. is **Dr.**, and **By** whom or what the a/c. is **Cr.** : in other words the *source* of its *receipts* and the *object* of its *payments.* Therefore the first receipt is read thus : "Cash A/c., Dr. **To** C. Dodd for Cash received from him, £25," and the first payment thus : "Cash A/c., Cr. **By** S. Tate for cash paid him £30."

17. The sum of your wealth is called your **Capital**; therefore when opening a Cash A/c. with "Cash in hand," you must not enter your name opposite that sum, but must use either the words *To Capital,* or *To Balance,* £33.

Arrange two Cash A/cs. from the following :—

Exercise 2.

1906.	May 8.	Cash in hand	£33
	,, 8.	Paid T. Hall	20
	,, 9.	Do. A. Gee	10
	,, 10.	Received of Cook & Co. ...	70
	,, 11.	Sent to F. Wood	25
	,, 12.	Z. Muir pays me	16
	,, 13.	H. Sykes gives me.....	25
	,, 14.	Paid into Bank	60

Exercise 3.

1906.	May 15.	I have Cash	£29
	,, 16.	I pay A. Hill	13
	,, 17.	Received of A. Clay	36
	,, 18.	Evans & Co. pay me	28
	,, 19.	Paid for Wages	10
	,, 20.	Do Goods	47
	,, 21.	Received for Goods	39
	,, 22.	Deposited in Bank	62

18. BALANCING. Now return to Exercise 1, as worked in your Manuscript book, and add up both sides of the a/c., placing the total of the Cr. side underneath the total of the Dr. side, on a piece of paper. Subtract one total from the other, and find the difference as follows :—

Dr. Side	£83
Cr. ,, ...	50
Difference	£33

This difference of £33 is the **balance,** and the Cr. side being the lesser by that sum, it requires placing on that side, prefaced by the words *By Balance*, in order to make the two sides equal. Then insert the total £83, at the foot of both sides, as shown in the example below, and rule off the total in *red ink*. This operation of equalising the two sides of an a/c. is known as "balancing," **c/d.** means *carried down*, and **b/d.** *brought down.*

The £33 represents the amount you should have in the cash box, which you should count and check off. The a/c. will now appear thus :—

Dr. **My Cash A/c.** **Cr.**

1906	**In.**		£	s.	d	1906	**Out.**		£	s.	d.
	RECEIPTS.						PAYMENTS.				
May 1	To C. Dodd		25	-	-	May 3	By S. Tate		30	-	-
,, 2	,, D. Cross		30	-	-	,, 4	,, J. Green		15	-	-
,, 6	,, B. Thorp		10	-	-	,, 5	,, H. Wild		5	-	-
,, 7	,, L. Read		18	-	-		,, *Balance*	c/d	33	-	-
		£	83	-	-			£	83	-	-
	To Balance	b/d	33	-	-						

Balance Exs. 2 and 3. You will find that there is no difference between the two sides of Ex. 3, in which case we say that the a/c. "balances." It therefore only requires the totals inserting at the foot of the a/c.

19. GOODS A/C. or **TRADING A/C.** Commercial transactions consist largely of the purchase and sale of

articles of trade or merchandise. I will therefore now consider another **Real** a/c., Goods. Its **objects** are :—

1. To register the amount of **Purchases** and **Sales.**
2. To display the **gross profit** realised, or the **gross loss** sustained.

The same rule for making entries applies to the Goods A/c. or Trading A/c. as applies to the Cash A/c.; in fact, it applies to all Real A/cs., viz. :—What comes **In** or is purchased is **Dr.**, and what goes **Out** or is sold is **Cr.**

The word **Goods** as used here, is the *general* term meaning any kind of merchandise, commodities, or wares. If you were a coal merchant, however, you would use the *specific* name, "Coal A/c." Goods sold for ready money are **Cash Sales**; those sold for future payments are called **Credit Sales.**

Remembering par. 16, you will proceed to enter up the following transactions of A. Pupil :—

Exercise 4.

1906.	Jan. 1.	Bought Goods of A. Lee.....	£200
	,, 2.	Sold Goods to T. Day	50
	,, 3.	Sold Goods for Cash	18
	,, 4.	Purchased Goods of F. Lunn	45
	,, 5.	Bought Goods for Cash	23
	,, 6.	Sold Goods to H. Kaye	100

The above goods would be entered thus :—

Dr. **My Goods A/c. or Trading A/c.** **Cr.**

1906	In. Purchases.	£	s.	d	1906	Out. Sales.	£	s.	d.
Jan. 1	To A. Lee ..	200	-	-	Jan. 2	By T. Day..	50	-	-
,, 4	,, F. Lunn	45	-	-	,, 3	,, Cash	18	-	-
,, 5	,, Cash	23	-	-	,, 6	,, H. Kaye	100	-	-

You will observe that you were the **Receiver** of items 1, 4, 5, which came **In,** or were *purchased* by you, and therefore required *debiting;* and that you were the **Giver** of items 2, 3, 6, which went **Out** or were *sold* by you, and therefore required *crediting.*

20. BALANCING. The first object of a Goods A/c. or Trading A/c. being attained you must now proceed to ascertain the **gross profit** you have realised on the above transactions. If you deduct the total of the Sales from the total of the Purchases you will find that the difference is £100. This amount does *not*, however, represent the value of the unsold goods, which you must assess for yourself. To enable you to do this, it will be necessary for you to go into your warehouse or shop, and make a detailed list of the **stock-in-trade,** *i.e.*, the goods you have left, which you find to be worth £120. You will recollect in Ex. 1, that you had in your cash box the sum of £33, which you placed on the Cr. side of your Cash A/c. in order to balance it. You now find in your warehouse a *balance* or **stock of goods,** value £120, which you will similarly place on the **Cr.** side of your Goods A/c. or Trading A/c. as follows :

By Balance (Stock) £120.

This amount represents either the **cost price** or the **current market price,** if that be lower than the cost, of the goods on hand, sometimes called the **closing stock.** You will now total both sides of the a/c. on a slip of paper as follows :—

Total of	**Cr.** Side	£288
,,	**Dr.** ,, ...	268
	Difference	£20

Unlike the Cash A/c. you will find that the insertion of the value of the "Goods on hand, £120," does not make the two totals equal each other. Why is this? Because, while the *difference* between the two sides of a Cash A/c. is simply an excess of receipts over payments, the *difference* between the two sides of a Goods A/c. (after inserting the balance or stock) is **either a gain or a loss.** If you sold your goods for exactly the same price as you gave for them, then the Goods A/c. would balance; but you generally dispose of them at an increase upon the purchase price, consequently the Cr. side exceeds the Dr. side, the difference being a **gross profit.** In this case you effected three sales, charging

your customers, altogether, £20 more for the goods than you gave for them, and therefore gained £20, which enter on the Dr. side of your Goods A/c. as follows :—*To Gross Profit* £20. Then insert the total, £288, at the foot of both sides, when the a/c. will appear thus :—

Dr. My Goods A/c. or Trading A/c. Cr.

1906	In. Opening Stock & Purchases.		£	s.	d.	1906	Out. Sales and Closing Stock.		£	s.	d.
Jan. 1	To A. Lee ..		200	-	-	Jan. 2	By T. Day ..		50	-	-
„ 4	„ F. Lunn		45	-	-	„ 3	„ Cash		18	-	-
„ 5	„ Cash		23	-	-	„ 6	„ H. Kaye		100	-	-
	„ *Gross Profit*		20	-	-		„ *Bal.* (*stock*)	c/d	120	-	-
		£	288	-	-			£	288	-	-
	To Balance	b/d	120	-	-						

Arrange two Goods A/cs. or Trading A/cs. from the following Exs. "Goods on hand," called the **Opening Stock,** must be entered *To stock* in accordance with par. 17. In Ex. 6 you will find that a **loss** was sustained, and that the difference between the two sides will require entering on the same side as the stock—the Cr. side.—*By Gross Loss* £6.

Exercise 5.

1906.	Jan. 7.	Goods on hand	£120	-	-
	„ 8.	Bought Goods for Cash	40	-	-
	„ 9.	Goods sold to A. Hall	37	6	6
	„ 10.	Sold Goods for Cash	15	3	6
	„ 11.	Bought Goods of D. East	70	-	-
	„ 12.	Sold Goods to Kaye & Co.	153	-	-
	„ 13.	Do. Scott & Co.	28	-	-
		Value of Stock	31	10	-

Exercise 6.

1906.	Jan. 14.	Goods on hand	£31	10	-
	„ 15.	Bought Goods of Sims & Co.	53	10	-
	„ 16.	Sold Goods to J. Knox	30	-	-
	„ 17.	Bought Goods of Smith Bros.	45	-	-
	„ 18.	Sold Goods to T. Smith	64	-	-
	„ 19.	Do. C. Waite	9	-	-
	„ 20.	Do. for Cash	5	-	-
		Stock valued at	16	-	-

21. PERSONAL A/CS., by reason of including all your **customers,** are the most numerous of the three classes of a/cs. and occupy by far the greater part of your Ledger. Their **object** is to record all your pecuniary transactions with the **persons** or **firms** from whom you purchase; to whom you sell; or in any other way have financial dealings; so that at any time you may readily ascertain whether the person named at the head of the account owes you a balance, or you owe him a balance, *i.e.,* whether he is a *debtor* or a *creditor.*

The **account** of the **person receiving** value **from you** must be **debited** with whatever you may have given, whether it be cash, goods, or bills of exchange; and on the contrary the **account** of the **person giving** value to **you** must be **credited** with whatever you may have received, whether it be cash, goods, or bills of exchange. In other words, value **In** is **Dr.,** value **Out** is **Cr.**

Exercise 7.

1906.	April 1.	Sold Goods to Henry Gill	£10	- -
	,, 2.	Do. do.	3	5 -
	,, 3.	Received of H. Gill, Cash	10	- -
	,, 4.	Sold Goods to H. Gill	8	15 -
	,, 5.	Received Cash of H. Gill	3	5 -
	,, 6.	Sold Goods to do.	4	- -
	,, 7.	Received Cash of do.	8	15 -

Ledger a/c. of this Customer would appear thus :—

Dr. **Henry Gill,** 12 EAST PARADE, LEEDS. **Cr.**

	GILL'S					GILL'S			
1906	**Receipts.**		£	s.	d.	1906	**Payments.**	£	s.	d.
April 1	To Goods ..		10	-	-	April 3	By Cash	10	-	-
,, 2	,, do. ..		3	5	-	,, 5	,, do.	3	5	-
,, 4	,, do. ..		8	15	-	,, 7	,, do.	8	15	-
,, 6	,, do. ..		4	-	-					

Value came **In** to the a/c. of *Gill,* who was the **Receiver** of items 1, 2, 4, 6, which therefore required **debiting;** while value went **Out** of the a/c. of *Gill,* who was the **Giver** of items 3, 5, 7, which therefore required **crediting.**

22. It is now for you to ascertain whether Gill owes you anything or not, by **balancing** as follows :—

The total of the **Dr.** side is £26
And the total of the **Cr.** side is 22

Leaving a **Dr.** Balance owing by Gill of... £4

which requires placing on the **Cr.** side, and the a/c. totalling and ruling off, in red ink, thus :—

Dr. **Henry Gill,** 12 EAST PARADE, LEEDS. **Cr.**

	GILL'S						GILL'S				
1906	Receipts.		£	s.	d.	1906	Payments.		£	s	d.
April 1	To Goods ..		10	-	-	April 3	By Cash ..		10	-	-
„ 2	„ do ..		3	5	-	„ 5	„ do. ..		3	5	-
„ 4	„ do. ..		8	15	-	„ 7	„ do. ..		8	15	-
„ 6	„ do. ..		4	-	-		*„ Balance*	c/d	4	-	-
		£	26	-	-			£	26	-	-
April 7	To Balance	b/d	4	-	-						

"*By Balance* £4" represents the amount *owing* by *Gill* to you. It is called a **Debit** *balance,* which is the balance of an a/c. when the debit side exceeds the credit. A personal a/c. may have a balance on either side, or there may be no balance at all. When the *Cr. side exceeds the Dr.*, as in Ex. 8, it is called a **Credit** *balance,* and in this instance *you would be owing Gill* £9.

In Ex. 9 both sides equal each other, therefore the a/c. "balances," and no indebtedness exists.

23. BALANCES CARRIED DOWN. When a merchant balances and rules off his books he always "carries forward" or "brings down" the balances of his *Real* and *Personal* a/cs. to the **opposite side** of each a/c. These balances thereby form the first entries in the new a/cs. See Cash, Goods, and Gill's a/cs. Why should the £4 be carried down to the Dr. side of the latter a/c.? Because Gill is indebted to or owes you £4. If you will refer to Gill's a/c. before it was balanced, you will clearly see that he received from you four lots of Goods, and he only paid for three lots,

thereby creating a *debit balance* of £4. Therefore, in opening the new a/c. with a debit balance of £4, you are only putting that amount in *precisely the same position* it was in before you balanced his a/c. The operation of balancing is one of convenience only, and must never alter the **facts** or the state of an a/c. The **object** of **balancing** is merely to show the amount due on a given date.

When a set of transactions commences with "He owes me," or "I owe him," the words *To* or *By Balance* should be used. Compile my a/cs. with Gill and balance each of them.

Exercise 8.

1906.	April 8.	Henry Gill owes me	£4	-	-
	,, 9.	Sold Goods to him	15	-	-
	,, 10.	Do.	7	-	-
	,, 11.	Bought of Gill, Goods	20	-	-
	,, 12.	Received Cash from Gill	6	-	-
	,, 13.	Sold Goods to Gill	31	6	8
	,, 14.	Bought Goods from him	40	6	8

Exercise 9.

1906.	April 15.	I owe Henry Gill	£9	-	-
	,, 16.	Bought Goods from him	23	10	-
	,, 17.	Sold him Goods	21	10	-
	,, 18.	Paid Cash to Gill	11	-	-
	,, 19.	Sold Goods to Gill	16	10	-
	,, 20.	Do.	15	10	6
	,, 21.	Received Cash from Gill	32	-	6

24. There now only remains one other class of a/cs. with which to deal, viz.—**PROPRIETARY or NOMINAL A/cs.** These are accounts of neither persons nor things, but chiefly statements of income and expenditure, their object being to supply the **Proprietor** of the **business** with the **results** of his **trading,** as well as to show *how* such results are obtained. The principal proprietary a/cs. are Capital, Trading, and Profit & Loss; together with the sub-divisions of the latter, as Carriage and Cartage, Freight, Trade or General Expenses, Wages, Interest, Discount, Commission, Bank Charges, Insurance, Bad Debts, Fuel, Lighting, Rents, Rates and Taxes, Repairs and Renewals, Depreciation, Advertising and Stationery, Travelling Expenses, Office Expenses, Motor and Stable Expenses, &c.

25. The **PROFIT & LOSS A/C.** has for its **object** the *collection* and presentation of all your **losses** or **expenses** and all your **gains** or **profits** in one concise view, so as to display the **net profit** realised, or the **net loss** sustained for a given period. The word **loss** when applied to book-keeping has a far wider application than when generally used; in fact, it expresses the opposite of gain. If a customer failed to pay for goods sold that would be a loss; but this word is also used in reference to the **cost** and **expenses** of carrying on a business; for instance, wages, coal, rent, taxes, repairs, advertising, all of which are regarded as losses; although *materials* or *services* are, of course, given in exchange for such payments.

SEPARATE A/CS., known as subsidiary a/cs., are frequently kept (to relieve the P. & L. A/c. of unnecessary details) for Trade or General Expenses, Interest, Discount, Commission, Bad Debts, Wages, Repairs, Lighting, Fuel, Carriage, Advertising, Dividends, &c., but the *balance* of *each* such *subdivision* is always *transferred* to the P. & L. A/c. on balancing the books.

The rule of Receiver and Giver relating to Real and Personal A/cs. does *not* apply when entering profit and loss transactions. The rule you must observe here is **debit** all **losses** or **expenses,** and **credit** all **gains.**

If you commenced business with £500, and the first month lost £50, you can easily see that some A/c. would require debiting with the loss, therefore you debit *your* P. & L. A/c. On the contrary, if you gained £50 it would be to your credit, and you would accordingly credit your P. & L. A/c.

Arrange your Profit and Loss A/c. from the following :—

Exercise 10.

1906.	Jan. 7.	Paid for Wages	£3	10	6
	,, 9.	Do. Gas		15	-
	,, 12.	Do. Rent	10	-	-
	,, 14.	Do. Wages	3	10	6
	,, 15.	Do. Rates	1	1	-
	,, 31.	I have allowed Discounts		10	-
	,, 31.	Discounts allowed me	5	8	-
	,, 31.	Gross Profit on Goods	20	-	-
	,, 31.	Commission earned by me	6	-	-

The above transactions would be entered thus :—

Dr. **My Profit & Loss A/c.** **Cr.**

1906.	LOSSES OF THE BUSINESS	£	s.	d.	1906.	GAINS OF THE BUSINESS.	£	s.	d.
Jan. 7	To Wages	3	10	6	Jan. 31	By Discounts..	5	8	-
„ 9	„ Gas	-	15	-	„ „	„ Goods A/c..	20	-	-
„ 12	„ Rent	10	-	-	„ „	„ Commission	6	-	-
„ 14	„ Wages	3	10	6					
„ 15	„ Rates	1	1	-					
„ 31	„ Discounts..	-	10	-					

Your Capital was *diminished* by the first six items, which were **losses,** and with which you have **debited** yourself ; whilst it was *increased* by the last three items, which were **gains,** and with which you have **credited** yourself.

26. BALANCING. Having thus set forth all your losses and gains you must now ascertain whether your business has resulted in a *net* loss or gain. You will add up both sides of the a/c., place the totals on a slip of paper, and find the difference, thus :—

Total of **Cr.** side	£31 8 -
„ **Dr.** „	19 7 -
Difference	£12 1 -

This difference represents a clear gain or profit to you which must be entered on the **Dr.** side *To Net Profit to Capital A/c.* £12 1s. 0d. ; after which insert the two equalised totals, when the account will stand thus :—

Dr. **My Profit & Loss A/c.** **Cr.**

1906.	Expenses or Losses.	£	s.	d.	1906.	Profits or Gains.	£	s.	d.
Jan. 7	To Wages	3	10	6	Jan. 31	By Discounts	5	8	-
„ 9	„ Gas	-	15	-	„ „	„ Goods A/c..	20	-	-
„ 12	„ Rent.....	10	-	-	„ „	„ Commission	6	-	-
„ 14	„ Wages	3	10	6					
„ 15	„ Rates	1	1	-					
„ 31	„ Discounts	-	10	-					
	„ *Net Profit to Capital A/c.*	12	1	-					
	£	31	8	-		£	31	8	-

The **difference** existing between the two sides of a Profit & Loss A/c. is always called *To* or *By Capital A/c.*, because it *represents either an increase or decrease of your, the Trader's Capital* or wealth. The above a/c. shows you to be richer, and consequently possessed of more Capital at the close of the month by £12 1s. 0d. than you were at the beginning.

Prepare two P. & L. A/cs. showing *net* gain or loss :

Exercise 11.

1906.	Feb. 10.	Paid for Salaries	£6	6	
	,, 15.	Do. Advertising	5	-	-
	,, 18.	Do. Repairs	8	-	-
	,, 24.	Do. Salaries	6	6	-
	,, 28.	Do. Trade Expenses	15	6	8
	,, 28.	Discounts allowed to me	1	-	-
	,, 28.	Gross Profit on Cloth	35	-	-

Exercise 12.

1906.	Mar. 31.	Paid for Rent	£300	-	-
		Do. Taxes	40	-	-
		Do. Coal and Gas	35	-	-
		Do. Insurance	26	-	-
		Do. Wages	1125	-	-
		Discount allowed to Customers	137	-	-
		Profit realised on Soap	1020	-	
		Do. Candles.....	1341	-	-
		Commission received by me ...	243	-	-
		Discounts allowed to me	93	-	-

27. CAPITAL is the term used in reference to wealth invested or adventured by a person or company in any business or undertaking. It is the excess or **surplus** of what you **have** over what you **owe.**

28. CAPITAL A/c. No Ledger would be complete which did not contain this most important a/c. with yourself as owner or proprietor of the business, showing your **net worth.** Although the Capital A/c. is properly referred to as an Impersonal A/c. it is really **your Personal A/c.** with the **business;** for whatever you invest in, or advance to, a business, you ultimately expect to receive back, with interest and profit.

When opening a Capital A/c. you **credit** yourself with the net amount you invest in the business. On balancing the Ledger you transfer the *difference* of the P. & L. A/c. to the Capital A/c. (Par. 26). Should

the difference be a **net gain,** your capital would be thereby increased, and you would credit the Capital A/c. with the amount; but if, on the contrary, the difference were a **loss,** your capital would be thereby decreased, and you would debit the Capital A/c. with the amount.

If, while carrying on your business, you **withdrew** any cash to live upon, or took from your stock any goods, these amounts, *not* being expenses of or connected with the business, would be called **private or personal expenses,** and as they would diminish your Trading Capital, they would require debiting against your Capital A/c. Arrange and balance your Capital A/c.

Exercise 13.

1906.	Jan. 1.	I commenced business with Cash	£328 19 -
	,, 31.	My profit for the month is	12 1 -
	,, ,,	I have withdrawn for private expenses	4 - -

These three items would be entered thus :—

Dr. **My Capital A/c.** **Cr.**

1909	Withdrawals and Net Loss.		£	s.	d.	1906	Capital and Net Profit		£	s	d.
Jan.31	To Cash ..		4	-	-	Jan. 1	By Cash ..		328	19	-
	,, *Balance*	c/	337	-	-	,, 31	,, NetProfit from P. & L. A/c. ..		12	1	-
		£	341	-	-			£	341	-	-
						Feb. 1	By Balance	b/d	337	-	-

From the foregoing a/c. you will see that your Capital was increased by the Net Profit to £341, and decreased by the withdrawal for private expenses to £337; showing the **net increase** of your Trading Capital to be £8 1s. 0d.

Prepare and complete your two Capital A/cs.

Exercise 14.

1906.	Feb. 1.	I started business with a balance of...	£337 - -
	,, 28.	I lost during the month	30 - -
		My Private Expenses were	6 - -

Exercise 15.

1906.	Mar. 1.	Cr. Balance	£301 - -
	,, 31.	Net Profit	100 - -
		Withdrew for self	20 - -

29. A BALANCE SHEET (B/S.) is a statement at a given date showing the position of a business in relation to its proprietor and other parties. As its name implies, it is used for gathering together all the differences, or "balances" shown in **Real** and **Personal A/cs.,** with the object of finding out whether you are solvent or insolvent; if the former, what is the amount of your **net** or **trader's capital,** if the latter, what is the amount of your **deficiency.** It is a list of **assets** (*i.e.* what you have of value, and what is owing to you by your debtors) and **liabilities** (*i.e.* what you owe to your creditors).

All the balances "carried down" from the Cr. to the Dr. side of the various a/cs. are called **debit balances,** and are your **Assets;** while all the balances "carried down" from the Dr. to the Cr. side of the various a/cs. are called **credit balances,** and are your **Liabilities.**

A Balance Sheet is *not* an a/c., but simply a statement at a given date, showing the **Liabilities** on the **left-hand side,** and the **Assets** on the **right-hand side.** You must *not* head a Balance Sheet with "Dr." and "Cr." *nor* use the words "To" or "By" because these terms would convert the Sheet into an Account. Compile your Balance Sheet from the following :—

Exercise 16.

1906. Jan. 31.	Balance of Cash	£129	- -
	Closing Stock of Goods	273	- -
	Balance owing by Harry Gill to me	100	- -
	Dittó. Dan Bates do	37	- -
	Ditto. Fred Oates do.	18	- -
	Balance owing to Mat Long	84	- -
	Ditto. Sam Shaw	111	- -
	Ditto. Fred Dean	25	- -

The above may be entered thus :—

Balance Sheet of ALBERT PUPIL, on 31st January, 1906.

Liabilities. (What the Business Owes)	£	**Assets.** (What the Business owns)	£
Owing to Mat Long	84	Cash in hand	129
Do. Sam Shaw	111	Stock of Goods	273
Do. Fred Dean	25	Harry Gill owes	100
		Dan Bates owes	37
		Fred Oates owes	18

30. BALANCING. Before you can ascertain whether you are **solvent** (*i.e.*, able to pay 20/- in the £) or **insolvent** (*i.e.*, unable to pay 20/- in the £) it will be necessary to total both sides and see which is the greater. When the **Assets** side *exceeds* the **Liabilities** side you are said to be **solvent**; and when the *reverse* is the case you are said to be **insolvent.** The **difference** is the *extent* of your *Capital* or *Deficiency*. In this case the Assets exceed the Liabilities by £337, which shows you to be worth that amount. This difference must be entered on the left side, using the word *Capital.* Then insert the totals as follows, and rule off in red ink :—

Balance Sheet of ALBERT PUPIL, on 31st January, 1906.

Liabilities. (What the business owes)	£	**Assets.** (What the Business owns)	£
Mat Long	84	Cash	129
Sam Shaw	111	Stock of Goods	273
Fred Dean	25	Harry Gill	100
DIFFERENCE: *Capital of the Proprietor of the Business..*	337	Dan Bates	37
		Fred Oates	18
£	557	£	557

Had your Liabilities exceeded your Assets by £337, then you would have been insolvent. The difference would have required entering on the other side; *Deficiency* £337. If both sides of your Balance Sheet equalled each other, you would still be solvent, because you could discharge your Liabilities in full, but you would have no Capital or estate, no surplus or excess.

From the following construct two Balance Sheets and show the extent of your Capital or otherwise.

Exercise 17.

1906. March 31. I have Cash in hand, £70 6s. 8d.; Coal unsold, £68; Value of Wagons, £80; Value of Horses and Carts, £130; Debts owing to me, £84 13s. 4d.; I owe Leeds Coal Co., £348; I owe Rent, £50; I owe L.M. & S. Rly. Co., £27; I owe City Bank, £345.

Exercise 18.

1906. June 30. I have Cash in Bank, £60, and on hand, £25; Value of my Goods, £320; Frank Gale owes me £93, Chas. Sterne owes me £29; Value of my Shop, £240.

Credit balances as follows:—Mat Carr, £98; Fred Hall, £103; Tom Brown, £400; Chas. Pears, £130; Abe Kerr, £36.

Exercise 18a.

Prepare Capital, Cash, Goods, Personal, and P. & L. A/cs.; also Balance Sheet from the following:—

1906. Dec. 1st, Cash in hand, £100; 3rd, Bought Goods for Cash, £20; 5th, Sold Goods for Cash, £15; 7th, Bought Goods of John Ellis, £80; 10th, Sold Goods to Harry France, £50; 15th, Paid J. Ellis, £50; 18th, Received from H. France, £25; 22nd, Bought Goods for Cash, £10; 26th, Sold Goods to H. France, £45; 28th, Bought Goods of J. Ellis, £35; 30th, Sold Goods for Cash, £25; 31st, Paid Rent, £1; Paid Trade Expenses, £6; Value of Stock, £40.

Answers to Exercises 20 to 32. (See pages 109 to 135).

No. of Ex.	Gross Profit in Goods or Trading A/c.	£	s.	d.	Net Gain. P. & L A/c.	£	s.	d.	Balance of Capital A/cs.	£	s.	d.
20	.....	50	14	4		32	10	2		575	10	2
21	.....	92	14	8		69	19	4		645	9	6
22	.....	196	3	8		151	8	8		2151	8	8
23	.....	58	12	-		22	12	6		725	7	6
24	.....	352	15	-		126	5	9		1983	19	9
25	.....	232	15	-		105	19	2		1037	2	11
										1037	2	11
26	.....	104	6	6		26	11	6		1026	11	6
27	Tea	120	-	-		85	11	8		1969	1	8
	Sugar	30	-	-								
	Coffee	46	-	-								
28	Dyewoods .	288	11	8		368	8	4		1479	10	8
	Colours ..	189	8	2						1590	3	7
29	Port	342	3	9		265	15	9		4124	17	-
	Sherry	251	14	4								
30	Tea	113	-	-		175	15	9		2360	15	9
	Coffee	87	17	6								
	Cocoa	36	-	-								
31	Tobacco ..	124	1	2		209	11	8		1868	1	3
	Cigars	144	17	2						1238	14	2
	Cigarettes	69	14	2								
32	Bengal	149	9	3		9	7	-		5025	10	2
	Kurpah ..	179	1	4						467	6	9
	Madras ..	79	9	9						517	8	5

CARRIAGE is placed to a separate a/c. in the above exercises, and not included in the Goods or Trading A/c.

THEORETICAL BOOK-KEEPING.

31. There is **only one system** of Book-keeping, and that is generally known by the name of **double entry,** a *two-fold entry* being necessary, because it takes **two** to make a transaction.

The term *Single Entry* is, however, so frequently used, that it is necessary to caution you against this misnomer. **Single Entry** is the very reverse of a *system,* being the name applied to every faulty, incomplete, inaccurate, unscientific and unsystematic style of account-keeping, in the application of which there is generally a combination of no entry, single entry, and double entry. Strictly speaking, "single entry" merely keeps **personal** accounts, which enable you to ascertain the debit or credit of the firms with whom you trade, and absolutely fails to keep any **impersonal** accounts whatever. The principal objections to this system are its incompleteness in only *partially* recording each transaction, and its inability to prove the correctness of its books. If affords no check on the accuracy of the posting and no safeguard against fraud. Although the profit realised or the loss sustained may be ascertained, by comparing the state of affairs at the commencement of a given period with the state of affairs at the end of that period, it is impossible to discover *how* your capital has been increased or decreased. In recording *some* of the facts "single entry" does much of the work of "double entry," whilst it possesses none of the advantages of "double entry," which records **all the facts,** as well as **their results.** One writer has well said that "single entry" does not deserve a name, and he aptly suggests the respective terms of "Book-keeping" for double entry, and "Imperfect Book-keeping" for single entry.

32. DOUBLE ENTRY is the name of the **principle** or method, the application of which will enable you, not only to answer all the questions set forth in par. 3, but also prove the correctness of those answers. It is a **system** which is absolutely **perfect** in its arrangement and mathematically **accurate** in its **results.**

You will remember that a **transaction** consists of an exchange or transfer for value, either in the form of money, goods, or services. The words **exchange** and "transfer" at once imply **two** sides or **two** parties. It is therefore the first principle in Book-keeping that there must be **two parties** in performing a transaction—one that **receives,** and one that **gives.** It is impossible for there to be a debtor without a creditor. The **receiver** is called the **Debtor,** and the **giver** the **Creditor.** If every transaction has **two** sides to it, if it is of a two-fold character, there must, in order to make a *perfect record of the transaction,* be **two entries** in the **Ledger.** If there is a **double** *effect* in the *transaction* there must be a **double** *entry* in the *record,* the one to the **debit** of one a/c. and the other to the **credit** of another a/c. Thus if you pay John Lees £20, he becomes your debtor, *so far as that transaction is concerned,* and you become his creditor. Your Ledger would appear as follows :—

Dr. **John Lees.** **Cr.**

		£	s.	d.			
To Cash ..		20	-	-			

Dr. **My Cash A/c.** **Cr.**

					£	s.	d.
		By J. Lees			20	-	-

33. The **advantages** of **double entry** are :—

1. The correctness of all entries can be verified.
2. The value of the purchases and sales, with the **gross profit** realised, or the **gross loss** sustained, is clearly set forth in the **Trading A/c.**
3. The **net gain** or **loss** is clearly displayed in one a/c.—the Profit & Loss A/c.

4. The **exact** state of your affairs is verified by the agreement of two balances quite dissimilar in their composition—the balance of the Capital A/c. and that of the Balance Sheet.

The only **errors** which double entry cannot prevent or discover are (*a*) A mistake or omission in the original entry. (*b*) A double or equalising error in the transfer to the Ledger. (*c*) Posting an amount to the wrong a/c.

34. It would, of course, be possible to enter the transactions **direct** from the **Waste Book** into the **Ledger,** without the intervention of any subsidiary books; but as such a practice, even with great care, would be likely to lead to errors and omissions which it would be difficult to discover, it would not be advantageous or economical to adopt such a course.

In order to avoid such errors and omissions, the **chronological record** is first used, and a subsidiary book is employed in which to prepare and arrange the entries into debits and credits, for the *principal* book, the Ledger. Subsidiary means helping, assisting, aiding. This subsidiary or helping book is called the **JOURNAL** or **daily register,** and may be said to classify the transactions into debits and credits so as to *simplify* their transference into the Ledger. The **pages** of the Journal are vertically divided into **five** sections, viz. :—

1	2	3	4			5		
Date Column	**Body of the Journal, where** the wording and narration of the entry is written.	Led. Fol. Col.	£ Mo Col	s. **Dr.** ne um	d. y n	£ Mo Col	s. **Cr.** ne um	d. y n
			to correspond with the two sides of the Ledger.					
1919	**Example of Journalising.**			Dr.			Cr.	
Jan. 1	Goods A/c. .....Dr.	8	200	-	-			
	To Albert Lee.....	9				200	-	-
	For Goods purchased.							

35. A NARRATION is a reason for, or explanation of, an entry. Thus the words *For Goods purchased* at the foot of the entry on the last page, explain and give the reason for the preceding entry. Narrations, however, while rarely used in elementary book-keeping, are frequently employed in journalising important transactions in the accounts of limited companies.

36. JOURNALISING is the act of recording your transactions in the Journal, so as to facilitate their transfer to the Ledger, and is particularly helpful in enabling you to grasp the principle of book–keeping by double entry. Each transaction requires at least **two lines** in the Journal. The transaction " Bought Goods of Albert Lee, £200," is journalised in the example given on the previous page.

You will notice that the **Dr.** money column is placed before, or to the left of, the **Cr.** money column; therefore the name of the a/c. to be debited " Goods A/c." is written on the line above and before the name of the a/c. to be credited " To Albert Lee."

While the **name** of the a/c. to be *debited* is always placed **close** to the left-hand margin line, the **name** of the a/c. to be *credited* must be commenced a **short distance** from the margin line, in order to correspond with the position of the money columns. This arrangement is of great assistance to the eye when transferring the items to the Ledger.

It is unnecessary to place " Cr." after the name of the a/c. to be credited, because if one a/c. is Dr. it follows that the other must be Cr. While **To** must preface each credit item, the word *By* is *never* used in the Journal.

A **thin red line** should be ruled between each transaction (not between each line), across the page, from the *date column* to the *folio column*. This gives a finish to your work, and a distinctive appearance to each transaction. (*See page* 37).

37. RULES FOR JOURNALISING.

1. **All Transactions.** Every **Dr.** must have a **Cr.** in order to comply with the principle of Double Entry, therefore take each transaction *separately*, and ask yourself two questions—
   - *a.* What A/cs. are concerned?
   - *b.* Which of them is **Dr.** and which is **Cr.**?

2. **Real and Personal Accounts.**
   - *a.* Value coming **into** or **Received** by an a/c. is **Dr.**
   - *b.* Value going **Out** of or **Paid** by an a/c. is **Cr.**

3. **Nominal or Proprietary A/cs.**
   - *a.* All **Costs, Expenses, Charges, Losses** or Deductions from Capital are **Dr.**
   - *b.* All **Gains** or Profits, or additions to Capital are **Cr.**

Journalise Exercise 19, after which add up both columns of the Journal to see that the totals are alike.

Exercise 19.

WASTE BOOK ENTRIES of Albert Pupil.

1907.					
Jan.	1.	Started with cash (see par. 39)	£520	-	-
,,	2.	Bought Goods for Cash	328	16	6
,,	5.	Sold Goods to Henry Gill	10	-	-
,,	6.	Sold Goods for Cash	48	3	6
,,	9.	Received Cash from Henry Gill	10	-	-
,,	9.	Sold Goods to Henry Gill	3	5	-
,,	13.	Ditto Henry Gill	8	15	-
,,	15.	Ditto Thomas Gee	87	6	8
,,	16.	Received Cash from Henry Gill	3	5	-
,,	19.	Bought Goods from Harry Frost	50	-	-
,,	22.	Sold Goods to Henry Gill	4	-	-
,,	26.	Paid Harry Frost, Cash	25	-	-
,,	28.	Received Cash from Henry Gill	8	15	-
,,	30.	Ditto Thomas Gee	57	6	8
,,	31.	Paid Rent (see par. 25)	10	-	-
		Value of Stock.....£250 6 4			

38. N.B.—Presuming that the *first* page of your manuscript Journal will only contain thirteen of the above transactions, you must draw a red ink line across the money columns and total them both, underneath the red line at the bottom of the first page, as follows :—

Carried forward	£1107	6	8		£1107	6	8.

No line should be ruled *underneath* these totals, but double red lines should be ruled under *final totals.*

The top of the *second* page must commence as follows :—

		Dr.			Cr.		
1907, *Brought forward*	£1107	6	8		£1107	6	8.

On the next line you will continue with the remaining transactions, thus :—

Jan. 30. Cash .....Dr. £57 6 8
To Thomas Gee..... £57 6 8.

39. CAPITAL A/C. *Started with Cash,* £520, means that you have commenced business with a Capital of £520. It will be quite clear to you that this amount is placed in the Cash A/c. which requires **debiting,** but it may not be quite so clear what a/c. requires crediting. When you, as proprietor of a business, invest therein a sum of money you must credit a Capital A/c. in order to show to whom the capital belongs, otherwise your Ledger would not contain a record of *all* the facts. You must always regard your business as separate and distinct from yourself in your private capacity, and therefore you should open an a/c. called *A. Pupil's Capital A/c.*, showing yourself to be *a creditor of the business,* because the **business** *owes* you £520, which is the amount of the **trader's** or **proprietor's capital.** When there are several partners, separate capital a/cs. are necessary in order to show what amount each of them has invested in the concern. (See par. 28.) A person carrying on business *alone,* without partners, is called a **sole trader.**

EXERCISE 19 would be journalised as follows :—

1

ALBERT PUPIL'S **Journal.**

1907			Led. Fol.	Dr. £	Dr. s.	Dr. d.	Cr. £	Cr. s.	Cr. d.
Jan.	1	Cash .....Dr.		520	-	-			
		To A. Pupil's Cap. A/c.					520	-	-
„	2	Goods .....Dr.		328	16	6			
		To Cash					328	16	6
„	5	Henry Gill .....Dr.		10	-	-			
		To Goods.....					10	-	-
„	6	Cash .....Dr.		48	8	6			
		To Goods.....					48	8	6
„	9	Cash .....Dr.		10	-	-			
		To Henry Gill.....					10	-	-
„	9	Henry Gill .....Dr.		3	5	-			
		To Goods.....					3	5	-
„	13	Henry Gill .....Dr.		8	15	-			
		To Goods.....					8	15	-
„	15	Thomas Gee .....Dr.		87	6	8			
		To Goods.....					87	6	8
„	16	Cash .....Dr.		8	5	-			
		To Henry Gill..... ..					8	5	-
„	19	Goods .....Dr.		50	-	-			
		To Harry Frost					50	-	-
„	22	Henry Gill .....Dr.		4	-	-			
		To Goods.....					4	-	-
„	26	Harry Frost .....Dr.		25	-	-			
		To Cash					25	-	-
„	28	Cash .....Dr.		8	15	-			
		To Henry Gill.....					8	15	-
„	30	Cash .....Dr.		57	6	8			
		To Thomas Gee.....					57	6	8
„	31	Profit & Loss A/c. (Rent) ...Dr.		10	-	-			
		To Cash					10	-	-
		Total of Journal.....		£1174	13	4	£1174	13	4

40. POSTING is the act of separately **transferring** each entry from the *Journal* or other *Book of Original*

Entry, to the a/c. that such entry affects in the Ledger. When posting from the *Journal* the amount is always entered in the *same* column in the Ledger.

41. After totalling and ruling off the Journal you will proceed to **post,** or make the **classified record.**

On looking through the Journal you will find that there are seven *different* a/cs. concerned, for each of which you will open an a/c. in the Ledger, writing the **headings** very **boldly.** Always arrange the a/cs. in the Ledger in the following order :—

1. Capital and Impersonal A/cs.
2. Personal A/cs.
3. Profit & Loss A/c. and Balance Sheet.

When **posting,** you must not forget the rule, **that the name of an a/c. in which you are posting an entry must not be written in that a/c.** The first entry being in the **Dr.** column, will be posted to the **Dr.** side of the Cash A/c. in the Ledger thus :—

1907, *Jan 1. To Capital,* £520;

while the second item, being in the **Cr.** column, will be posted to the **Cr.** side of the Capital A/c., thus :—1907, *Jan 1. By Cash,* £520. Each *line* in the Journal indicates the a/c. in the Ledger to which that amount must be posted.

42. FOLIOING. The pages of all books of account are folioed or numbered in numerical order for convenience of reference. No entry must be transferred or posted from one book or page to another, without the reference number or **folio** being also posted. Therefore as each separate amount is posted into the Ledger, you must always be careful to :—

1. Enter the **Journal Folio** in the narrow column provided for it **in the Ledger.**
2. Enter the **Ledger Folio** in the narrow column provided for it **in the Journal.**

43. TRIAL BALANCE. After you have finished posting and before attempting to ascertain what profit you have realised on your month's transactions, it is desirable that you should be certain that the postings have been properly made. Therefore, you will prepare

a **Trial Balance,** the object of which is to test whether the Ledger has been correctly posted at the end of a given trading period.

Write down on a piece of paper the names of the seven a/cs. in the Ledger. Then add up the Dr. and Cr. Columns of each separate a/c. and place the **total postings** opposite the name of such a/c. in the Dr. and Cr. Columns. You will then add up the two columns of postings, when, if the totals are equal, and also correspond with the total of the Journal, your posting is thereby proved to be arithmetically accurate. Enter the T.B. in your Journal. You will readily see that had you omitted, increased, decreased, or misplaced an item it would have caused a disagreement between the totals of the two columns, whereupon you would have searched out and supplied the omission or corrected the error.

TRIAL BALANCE of **Exercise 19.**

		Dr.			*Cr.*		
Ledger A/cs.	Led. Fol.	£	s.	d.	£	s.	d.
Capital A/c.	1				520	-	-
Cash A/c.	1	647	10	2	363	16	6
Goods or Trading A/c. ..	1	378	16	6	161	10	2
Henry Gill	2	26	-	-	22	-	-
Thomas Gee	2	87	6	8	57	6	8
Harry Frost	2	25	-	-	50	-	-
Profit & Loss A/c.	3	10	-	-			
Corresponds with Journal	£	1174	13	4	1174	13	4

Having thus far proved the arithmetical accuracy of your work, you will now proceed to the next process of **balancing** and closing the a/cs. in the Ledger so as to arrive at the answers to the five questions in par. 3, and prove the accuracy of such answers.

44. STOCK-TAKING is the valuing of all goods on hand, together with the plant, machinery, fittings, appliances and other property belonging to, or used in a business, so that they may be taken into a/c. when balancing or closing the books, and enable the owner to discover his exact financial position. (See par. 20).

45. BALANCING BOOKS is the winding-up and adjusting of all a/cs. in the Ledger, with the object of finding what profits have been realised or what losses have been sustained during a given time. **Balances** are more conspicuous when written in **red ink.**

46. If you were actually engaged in carrying on a business, before you could balance your books, it would be necessary for you to take part in the tedious process of Stock-taking. As a class-room student, however, you are saved this piece of practical work by the **Stock-in-trade** or *Value of Stock* being stated at the end of each exercise.

If you refer to par. 20 you will find that the first operation in balancing is the **placing** of the **Value of Stock** on the **Cr.** side of the **Goods A/c.** in the Ledger thus :—*Jan. 31, By Balance (stock)* £250 6s. 4d.

Add up both sides and place totals on a slip of paper; find the difference as follows :—

Cr. side of Goods A/c. ...	£411 16 6
Dr. side of Goods A/c. ...	378 16 6
This difference of	£33 - -

being a **gain,** requires entering on the **Dr.** side to equalise the A/c. thus :—

Jan. 31. To Gross Profit £33.

A **loss** would require entering on the **Cr.** side.

Now insert the equalised totals of £411 16s. 6d., as shown in the key on page 42.

47. This **£33** is called your **Gross Profit,** because there have not been deducted from it any Trade Expenses, or other charges in connection with your business.

You will now **carry this £33** to the **Cr.** or " Gains " side of the **P. & L. A/c.** and enter thus :—

1907. *Jan. 31. By Gross Profit from Goods A/c.* £33.

You will observe that the only item of expense is Rent, while the only source of income is profit on goods. It therefore follows that if the sum on the Cr. side

exceeds the sum on the Dr. side, the *difference* must be the **net profit** or clear gain, because all expenses have been deducted. In this case the net profit or difference requires entering on the **Dr.** side, thus :—

Jan. 31. *To Net Profit carried to Capital A/c.*, £23.

A Net Loss would, of course, be entered on the Cr. side.

Now insert the equalised totals of £33 as on page 43.

48. This **net profit** of **£23,** which is an increase of surplus assets, is due to you as proprietor of the business, and since you are richer by £23 than you were at the beginning of the month, this amount must be **carried to your** credit, that is, the **Cr.** side of the **Capital A/c.** and entered :—

Jan. 31. *By Net Profit* £23.

Your net Capital is thereby increased to £543, and as there is no item on the Dr. side you will balance by placing the sum on the **Dr.** side and entering :—

1907, *Jan.* 31. *To Balance,* £543.

Insert the equalised totals of £543 as shown on page 42.

Now **balance** the remaining four a/cs. in the usual way by placing the difference or equalising amount in each case on the lighter side of the a/c. prefaced by *Jan.* 31, *To* or *By Balance,* and carry down the balances, after which the A/cs. are said to be **closed.**

49. PROOF OF ACCURACY. The **Cr.** balance of the Capital A/c. (£543) represents the *excess* of *Assets* over *Liabilities.* As such Assets and Liabilities are the **balances** of the Real and Personal A/cs., it must follow, therefore, that if the a/cs. are correct, a Balance Sheet comprising the balances of the a/cs., except the Capital, will give the same balance as that shown by the Capital A/c. Having **ascertained** by means of your **Capital A/c. what your Capital ought to be,** you will therefore now proceed to **establish,** by the construction of a **Balance Sheet, what your Capital is,** by following the directions given in pars. 29 and 30.

Compare your **Ledger** with **key** on pages 42 and 43.

You will find that your Assets **exceed** your Liabilities by £543, therefore you are **solvent** to that extent. While your Capital A/c. states that your Capital **ought** to be £543, your Balance Sheet states that it **is** £543. From the **corroboration** or agreement of these two amounts: the **balance** of the **Capital A/c.** and the **Capital** in the **Balance Sheet,** your **books** are **proved** to be **accurate.**

LEDGER for Exercise 19.

Dr. ALBERT PUPIL'S **Capital A/c.** **Cr.**

1907			£	s.	d.	1907			£	s.	d.
Jan. 31	*To Balance*.....	c/d	543	-	-	Jan. 1	By Cash	1	520	-	-
						,, 31	,, *Net Profit*...	3	23	-	-
		£	543	-	-			£	543	-	-
						Feb. 1	By Balance.....	b/d	543	-	-

Dr. **Cash A/c.** **Cr.**

1907	**Receipts.**		£	s.	d.	1907	**Payments.**		£	s.	d.
Jan. 1	To Capital.....	1	520	-	-	Jan. 2	By Goods	1	328	16	6
,, 6	,, Goods	1	48	3	6	,, 26	,, H. Frost ...	1	25	-	-
,, 9	,, H. Gill	1	10	-	-	,, 31	,, Rent	1	10	-	-
,, 16	,, H. Gill	1	3	5	-	,, ,,	,, *Balance*.....	c/d	283	13	8
,, 28	,, H. Gill	1	8	15	-						
,, 30	,, T. Gee	1	57	6	8						
		£	647	10	2			£	647	10	2
Feb. 1	To Balance ...	b/d	283	13	8						

Dr. **Goods A/c. or Trading A/c.** **Cr.**

1907	**Purchases.**		£	s.	d.	1907	**Sales.**		£	s.	d.
Jan. 2	To Cash	1	328	16	6	Jan. 5	By H. Gill	1	10	-	-
,, 19	,, H. Frost ...	1	50	-	-	,, 6	,, Cash	1	48	3	6
,, 31	,, *Gross Profit carried to P. & L. A/c.*	3	33	-	-	,, 9	,, H. Gill	1	3	5	-
						,, 13	,, H. Gill	1	8	15	-
						,, 15	,, T. Gee	1	87	6	8
						,, 22	,, H. Gill	1	4	-	-
						,, 31	,, *Bal. (stock)*	c/d	250	6	4
		£	411	16	6			£	411	16	6
Feb. 1	To Balance ...	b/d	250	6	4						

Dr. **Henry Gill,** 50 King Street, Leeds. **Cr.**

1907			£	s.	d.	1907			£	s.	d.
Jan. 5	To Goods	1	10	-	-	Jan. 9	By Cash	1	10	-	-
,, 9	,, Do.	1	3	5	-	,, 16	,, Do.	1	3	5	-
,, 13	,, Do.	1	8	15	-	,, 28	,, Do.	1	8	15	-
,, 22	,, Do.	1	4	-	-	,, 31	,, *Balance*.....	c/d	4	-	-
		£	26	-	-			£	26	-	-
Feb. 1	To Balance ...	b/d	4	-	-						

Dr. **Thomas Gee,** 8 Pavement, York. **Cr.**

1907			£	s.	d.	1907			£	s.	d.
Jan. 15	To Goods	1	87	6	8	Jan. 30	By Cash	1	57	6	8
						,, 31	,, *Balance*.....	c/d	30	-	-
		£	87	6	8			£	87	6	8
Feb. 1	To Balance ...	b/d	30	-	-						

Dr. **Harry Frost,** 15 Ouse Street, Goole. **Cr.**

1907			£	s.	d.	1907			£	s.	d.
Jan. 26	To Cash	1	25	-	-	Jan. 19	By Goods	1	50	-	-
,, 31	,, *Balance*.....	c/d	25	-	-						
		£	50	-	-			£	50	-	-
						Feb. 1	By Balance ...	b/d	25	-	-

Dr. **Profit & Loss A/c.** **Cr.**

1907	Losses.		£	s.	d.	1907	Gains.		£	s.	d.
Jan. 31	To Rent	1	10	-	-	Jan. 31	*By Gross Profit from Goods A/c.*	1	33	-	-
,, 31	,, *Net Profit to Cap. A/c.* ...	1	23	-	-						
		£	33	-	-			£	33	-	-

Balance Sheet of ALBERT PUPIL on 31st January, 1907.

Liabilities.	£	s.	d.	Assets.	£	s.	d.
Harry Frost.....	25	-	-	Cash in hand.....	283	13	8
CAPITAL	543	-	-	Goods on hand.....	250	6	4
				Henry Gill.....	4	-	-
				Thomas Gee	30	-	-
£	568	-	-	£	568	-	-

50. M.O.—A Money Order is an order made by one Post Office to another *specified* office, for payment of *any sum* not exceeding £40 to a particular person; or, if crossed, to *blank;* such sum having been first deposited with the issuing office by the sender or remitter. A small charge called *poundage* is made for the order.

51. P.O.—A Postal Order is an order made by one Post Office to *any* other Post Office (not specified by the official), for the payment of any one of forty-one *fixed sums*, ranging from 6d. to 21s. to any person; the amount having been first deposited with the issuing office by the sender. A small charge called *poundage* is made upon issuing an Order.

Both **Orders** must always be treated as **Cash.**

52. TRANSACTIONS involving **new difficulties** are **explained** either in **numbered paragraphs,** or in **notes** at the end of the respective exercises. The *numbers* of such paragraphs are given in *brackets* at the end of the transaction affected, and a note is indicated by :—(*N.B.*)

Exercise 20.

1907. Journalise the following transactions of Albert Pupil :—

Feb. 1.	*Assets*—Cash in hand (see par. 53a)			£283	13 8
	Goods on hand			250	6 4
	Henry Gill owes me			4	- -
	Thomas Gee owes me			30	- -
	Liabilities—I owe Harry Frost			25	- -
	Capital			543	- -
	Transactions :—				
,, 1.	Bought of Field & Co. (see par. 53b)				
	6 doz. Pickwick Papers @ 8/-	£2	8 -		
	4 ,, Vanity Fair @ 8/-	1	12 -		
	1 ,, Green's History @ 60/-	3	- -		
	2 ,, Alton Locke @ 18/-	1	16 -	8	16 -
,, 2.	Sold to Henry Hoole—Kingsley's Life		- 6 -		
	Alton Locke		- 2 -		
	Darkest Africa		-18 -	1	6 -
,, 3.	Bought Goods for Cash			15	17 -
,, 4.	Sold Hy. Gill—Corn Law Rhymes		-10 -		
	Whittier		- 5 -		
	A. Lincoln	3	3 -	3	18 -

Feb. 5.	Bought of Cassell & Co.—		
	History of England, 10 vols. ..... £3 10 -		
	Life of Christ ..... - 9 -		
	1 doz. Combe on Education ..... - 10 -		
	1 doz. ,, Man ..... - 10 -		4 19 -
,, 9.	Received M.O. (Cash) from Henry Gill		7 18 -
,, 10.	Paid for Repairs (see pars. 54 & 81)		1 17 6
,, 11.	Sold Book for Cash		3 9 6
,, 12.	Bought Goods for Cash		5 5 -
,, 13.	Sold to Henry Hoole—		
	Huxley's Lay Sermons ..... - 12 6		
	Burns ..... - 8 -		
	Knight's Shakespeare 2 6 6		3 7 -
,, 16.	Received P.O. (Cash) from Henry Hoole ...		1 6 -
,, 17.	Sold to H. Frost—Modern Painters 10 4 -		
	Boswell's Johnson 3 6 -		
	Waverley Novels. 10 10 -		24 - -
,, 18.	Sent Harry Frost P.O. (Cash)		1 - -
,, 19.	Bought of George Allen—		
	1 doz. Sesame & Lilies @ 6/- each 3 12 -		
	1 ,, Ethics of the Dust @ 6/- each 3 12 -		
	1 ,, Ruskin's Selections @ 7/- each 4 4 -		11 8 -
,, 20.	Bought of Cassell & Co., Goods		9 13 -
,, 22.	Paid for Postage Stamps (par. 54)		1 - -
,, 28.	Cash Sales during month (par. 53*c*)		145 18 2
,, 28.	Paid Rent (par. 54)		10 - -
,, 28.	Paid for Advertising (par. 54)		5 6 8

Post the Journal into the Ledger. Make a Trial Balance, then Balance the Ledger, *valuing the Goods on hand at* £175. Prepare a Balance Sheet. (*See page* 109).

53. **N.B.**—(*a*) When opening the Journal, **Assets** being **Dr.** balances brought forward, are **debited**; and **Liabilities** being **Cr.** balances brought forward, are **credited,** thus, Ex. 20 :—

1907			L. F.	Dr.	Cr.
Feb.	1	Cash.....Dr.		283 13 8	
		Goods ..... ,,		250 6 4	
		Henry Gill ..... ,,		4 - -	
		Thomas Gee .... ,,		30 - -	
		To Harry Frost			25 - -
		,, Capital			543 - -
				£568 - -	£568 - -

When posting these six items to the Ledger you must use the words *To* or *By Balance.*

(*b*) Although there are many particulars given as to the quantity and price of goods bought and sold, these details must *not* be entered in the Journal. The first transaction will come underneath the above opening entries thus :—*Goods.....Dr.* £8 16 –.
To Field & Co.....£8 16 –.

(*c*) The term **Cash Sales** means receipt of cash for goods sold over the counter, and must be entered *Cash Dr. To Goods.* In practical work (page 79) enter on Dr. side of Cash Book :—*To Goods* or *To Sales.*

54. A TRADE EXPENSES A/c. must be debited with Repairs, Stamps, Rent, and Advertising, &c. This a/c. is called a subsidiary P. & L. A/c. because it helps the latter and relieves it of much unnecessary detail. When closing the Trade Expenses A/c. enter on the **Cr.** side, *By Transfer to P. & L. A/c.* £18 4 2, and carry this total to the **Dr.** side of the P. & L. A/c., and enter *To Trade Expenses A/c.*, £18 4 2. The Journal entry for the first item of Expenses in Ex. 20 would be : *Feb.* 10. *Trade Exs.* (*Repairs*) *Dr.* £1 17 6
To Cash ..... 1 17 6.

Dr. **Trade** or **General Expenses A/c.** **Cr.**

1907		£	s.	d.	1907		£	s.	d.
Feb.10	To Repairs ..	1	17	6	Feb.28	*By Transfer to*			
,, 22	,, Postages..	1	-	-		*P. & L. A/c.*	18	4	2
,, 28	,, Rent	10	-	-					
,, ,,	,, Advertising	5	6	8					
		£18	4	2			£18	4	2

Supplementary Practical Exercise 20a.

Walter Marshman (Woollen Merchant) had Assets and Liabilities on the 1st November, 1908, as follows :—

Assets.		*Liabilities.*	
Cash in hand, £600.			
Stock of Cloth	£2000	Due to Soames & Co. ...	£400
Due from Saml. Fletcher	100	,, Broughton & Co. ...	300
,, Jas. Ramshaw	50	Capital	2155
,, Edward Booth	35		
,, George Taylor	70	£2855	£2855

Nov. 2.	Bought from Soames & Co. :—					
	20 Pcs. W'std. Coatings, Black = 825 yds. @ 5/-			£206	5	-
	10 ,, ,, Blue = 414 yds. @ 4/6			93	3	-
	8 Pcs. Vicunas, Blk. & Blue = 280 yds. @ 5/-			70	-	
,, 3.	Paid Soames & Co.			300	-	-
,, 4.	Sold James Ramshaw :—					
	100 yds. Mixt. Trouserings @ 3/-	£15	- -			
	80 yds. W'std. Coatings, Blk. @ 7/-	28	- -			
	50 yds. Vicunas, Black @ 6/6	16 5	-	59	5	-
,, 5.	Received Cash from Samuel Fletcher			50	-	-
,, 7.	Sold Samuel Fletcher :—					
	120 yds. W'std. Coatings, Blue @ 6/-	36	- -			
	90 yds. Grey Mixture Cloth @ 5/-	22 10	-	58	10	-
,, 9.	Paid Broughton & Co.			150	-	-
,, 9.	Bought of Broughton & Co. :—					
	20 Pcs. Tr'serings = 742 yds. @ 3/6	129 17	-			
	15 Pcs. Mixt. Cloth = 520 yds. @ 4/-	104	- -	233	17	-
,, 11.	Received from James Ramshaw, Cash			50	-	-
,, 12.	Received from George Taylor			40		-
,, 12.	Paid Wages			10	5	-
,, 18.	Sold Samuel Fletcher :—					
	200 yds. Italian Lining @ 1/6	15	- -			
	120 yds. Fancy Trouserings @ 4/6	27	- -	42		-
,, 21.	Sold to James Ramshaw :—					
	50 yds. Superfine Blk. Cloth @ 8/-	20	- -			
	60 yds. Black Vicuna @ 6/-	18	- -			
	50 yds. Lining @ 1/4	3 6 8		41	6	8
,, 23.	Received Cash from Samuel Fletcher			50	-	-
,, 24.	Paid Soames & Co.			100	-	-
,, 25.	Receivel Cash from James Ramshaw			59	5	-
,, 27.	Paid Wages			11	-	-
,, 28.	Sold George Taylor :—					
	100 yds. Blk. W'std. Coatings @ 7/-	35	- -			
	100 yds. Trouserings @ 4/-	20	- -			
	100 yds. Linings @ 1/6	7 10	-	62	10	-
,, 28.	Received from George Taylor, Cash			70	-	-
,, 30.	Goods sold for Cash			100	-	-
,, 30.	Paid Sundry Expenses			4	-	-

Stock of Goods £2300. (*See page* 109).

Answer. *Gross Profit*, £60 6 8; *Net*, £35 1 8; *Capital*, £2190 1 8.

Supplementary Practical Exercise 20b.

1908. Dec. 1. Prepare the Books of Albert Jones, Stationer.

Assets—Dr. Balances.				*Liabilities—Cr. Balances.*			
Cash	£196	8	9	Henry Stephens	£38	19	2
Goods	238	4	3	Hayden & Co.	43	5	9
Seth Whiteley	9	16	7	Millington & Co.	59	16	3
Edwin Wilson	14	2	8	Charles Town	26	18	5
Norman Kaye	10	7	4	Capital			
	£468	19	7		£168	19	7

Dec. 1.	Bought of Henry Stephens :—						
	6 doz. Blue Black, ...	40 ozs.	@ 24/-	£7	4	-	
	6 doz. Do. ...	24 ozs.	@ 16/-	4	16	-	
	10 doz. Do. ...	4 ozs.	@ 3/6	1	15	-	
	5 doz. Combined	16 ozs.	@ 16/-	4	-	-	
	8 doz. Copying	24 ozs.	@ 24/-	9	12	-	
	3 doz. Do.	5 ozs.	@ 7/-	1	1	-	
	4 doz. Scarlet	8 ozs.	@ 12/6	2	10	-	
	2 doz. Do.	2 ozs.	@ 8/-	-	16	-	
	5 doz. Bell Shape Gum	2½ ozs.	@ 4/-	1	-	-	
	6 doz. Reserve Gum	12 ozs.	@ 8/-	2	8	-	£35 2 -
,, 1.	Sold to Seth Whiteley :—						
	1 Blue Black Ink, 40 ozs.			-	3	-	
	1 Combined Ink, 16 ozs.			-	2	-	
	1 Premier File, quarto			-	2	6	
	12 Record Ribbons .....@ 2/6			1	10	-	
	1 Ream Ford's Blotting			1	5	-	3 2 6
,, 3.	Paid Henry Stephens						38 19 2
,, 4.	Sold to Edwin Wilson :—						
	5000 Manilla Envelopes .....@ 4/6			1	2	6	
	1000 Foolscap Cartridge			-	9	-	
	1 Bottle Gum, 12 ozs.			-	1	-	
	5 Rms. Headed Letter Paper ...@ 5/-			1	5	-	
	3 Binding Cases .....@ 2/-			-	6	-	3 3 6
,, 5.	Received from Norman Kaye						10 7 4
,, 5.	Paid for Postage Stamps						1 10 -
,, 8.	Bought of Hayden & Co. :—						
	2 doz. Wire Letter Trays.....@ 24/-			2	8	-	
	3 doz. Metal Inkstands .....@ 18/-			2	14	-	
	4 doz. Ebony Rulers 6×1.....@ 4/-			-	16	-	5 18 -
,, 9.	Received from Edwin Wilson						14 2 8
,, 10.	Sold Frederick Davey :—						
	4 Apron Files .....@ 1/-			-	4	-	
	2 Foolscap Letter Trays .....@ 1/3			-	2	6	
	2 Demy Guard Books .....@ 12/6			1	5	-	
	1 Date Indicator			-	8	-	
	3 Demy Ledgers .....@ 18/-			2	14	-	4 13 6
,, 11.	Paid Millington & Co.						30 16 3
,, 12.	Received from Seth Whiteley						9 16 7
,, 14.	Sold to Norman Kaye :—						
	2 Quarto Letter Books .....@ 7/-			-	14	-	
	2000 Manilla Envelopes .....@ 4/6			-	9	-	
	1000 Printed Post Cards			-	5	-	
	1 Copying Ink, 24 ozs.			-	3	-	1 11

Dec. 14.	Paid for Repairs			£3 2 6
,, 15.	Received M.O. from Frederick Davey			4 13 6
,, 16.	Bought Goods by Auction for Cash...			16 4 3
,, 17.	Sold to Walter Richardson :—			
	1 Roll Tracing Paper	- 8 6		
	1 Roll Tracing Cloth	1 16 -		
	6 Qrs. Drawing Paper, D.E. @ 16/-	4 16 -		
	1 doz. Assorted Sable Brushes	- 9 10		
	3 Premier Files @ 2/6	- 7 6		7 17 10
,, 18.	Bought from Millington & Co. :—			
	100,000 No. 5 Manilla Pockets @ 3/6	17 10 -		
	25,000 Foolscap Cartridge @ 7/6	9 7 6		
	10,000 No. 7 Owl Parchment @ 5/6	2 15 -		29 12 6
,, 19.	Sold to Seth Whiteley :—			
	4 Rms. Typwriting Quarto @ 4/3	- 17 -		
	6 ,, ,, Foolscap @ 5/6	1 13 -		
	1,000 Commercial Envelopes	- 8 6		
	8 Rms. Duplicating Quarto @ 2/-	- 16 -		
	8 ,, ,, Foolscap @ 2/4	- 18 8		4 13 2
,, 21.	Received from Seth Whiteley			3 2 6
,, 22.	Paid for Advertising			6 7 6
,, 23.	Sold to Norman Kaye :—			
	1 Ellam's Duplicator	5 5 -		
	2 Tubes Black Ink @ 6/6	- 13 -		
	2 Bottles Varnish @ 1/-	- 2 -		
	5 Quires Stencil Paper @ 4/6	1 2 6		
	5 doz. Carbons @ 4/-	1 - -		8 2 6
,, 24.	Bought of Charles Town :—			
	3 Rms. Purple Royal @ 24/9	3 14 3		
	50 Rms. Large Post, Cream Wove, 23 lbs. = 1150 @ 2⅞d.	13 15 6		17 9 9
,, 24.	Paid Chas. Town			26 18 5
,, 28.	Paid Hayden & Co.			43 5 9
,, 28.	Paid Christmas Gratuities			1 2 6
,, 29.	Received from Walter Richardson			7 17 10
,, 30.	Sold Edwin Wilson :—			
	4 Manibold Books @ 2/-	- 8 -		
	1 Letter Balance	1 8 -		
	5,000 Manilla Envelopes @ 4/6	1 2 6		2 18 6
,, 30.	Received from Norman Kaye			1 11
,, 31.	Read-money Sales			115 6 9
,, 31.	Paid Sundry Trade Expenses			3 15 -

Value of Stock, £269. (*See page* 110).

Answer.—*Gross Profit*, £77 18 6; *Net*, £62 1 -; *Capital*, £362 1 -.

55. BANK. A Commercial Bank is an establishment for the custody and issue of money. Bank business consists principally of (1) keeping Current A/cs. for customers (2) receiving Deposits at interest (3) discounting Bills of Exchange (4) advancing money in the form of Cash Credits and loans on overdrawn a/cs. (5) issuing Bank Notes (6) acting as Agents for others.

The income of a Bank is chiefly derived from (1) interest on overdrawn a/cs., loans and investments (2) Commission on cheques drawn on Current A/cs. (3) charges made on discounting Bills of Exchange (4) Commission received for acting as agent (5) the issuing of Notes. Bankers accept money either on *deposit account* at interest, or on *current account*.

A **Deposit Account** is one where sums of money are deposited, either for a *fixed period* of three, six, or twelve months, or available at customer's notice, or *on demand*. The rate of interest depends on the conditions of the lodgment, but it is not usual to allow interest for a less period than a month. The acknowledgment of the receipt of a fixed sum by the banker is generally given either in a Deposit Book, or on an oblong piece of paper, known as a Deposit Receipt, on which is specified the interest to be paid and the notice to be given before the money is withdrawn.

A **Current or Drawing Account** is one in which are entered transactions between two parties; an **open** a/c. into which the customer of a bank pays money and out of which he may draw **on demand,** *without giving any notice,* the oldest credits being set off against the oldest debits. Money may thus be lodged in a bank to be withdrawn or added to *at any time,* with or without interest, as may be agreed upon. It is the practice in London for a Bank to require from a customer that he shall keep a **minimum balance** of say £50 or more to his credit, upon which no interest shall be allowed, and in return for which the Bank shall charge no commission to the customer on the turnover. In the provinces it is more usual to allow 2% interest on credit balances and charge **2/6** or **5**/-% commission on the **turnover,** *i.e.*, on the total amount of cheques drawn. There are six great **advantages** in having a Commercial Banking A/c. :—

1. The inconvenience and danger of having in your office large sums of money is avoided, and you may receive interest thereon.

2. By means of small slips of paper called "cheques" you are able to transfer money, not only to another merchant in your own town, but also to any part of the country, thus avoiding the trouble of counting and the expense and risk of sending coin or notes. Cheques may be used as evidence in case of disputed payments; and where all your cash transactions are passed through the Bank an authentic record is thus kept.

3. You may have collected without any trouble the cash for the cheques and bills of exchange received by you, as well as have your bills of exchange discounted.

4. A banker is a continual referee as to respectability, and thus a means of increasing your credit; while information as to the stability of other traders, having a banking a/c., is easily ascertained.

5. You may overdraw your a/c. on providing sufficient security to cover the overdraft.

6. A Bank is a secure place of deposit for any deeds, papers, or other property requiring special care. It is also a ready channel of obtaining information respecting commercial transactions, payments abroad, buying or selling stock, and many other matters.

When commencing business, or opening a current or drawing a/c. with a Bank, it is usual to have an interview with the Manager, to arrange the terms and sign the Autograph Book. Upon making your first deposit a

56. PASS BOOK is handed to you by the banker, in which all the amounts received and paid away by him on your behalf are shown. This Book must be taken to the Bank at frequent intervals to be entered up, and on its return each item must be carefully checked, in order to see that you have been duly credited with all your deposits, and debited with the amounts for which you have drawn cheques. Money can only be withdrawn from a Current A/c. by means of a—

57. CHEQUE, which is a stamped order made by the **Drawer** thereof upon a banker (known as the

Drawee), to pay a specified sum of money to a stated person (known as the **Payee**) or to the bearer thereof. With a view to convenience and uniformity, and as a safeguard against fraud, elaborately designed and delicately tinted cheque forms, impressed with a two–penny stamp (however small the amount) are supplied in books of 12, 30, 60, &c., by the bank to each of its customers, who pay the stamp duty only. It is quite legal, although unusual, to write out a cheque upon a piece of common paper and affix a twopenny or two penny postage stamps thereto. If unstamped on presentation for payment, the banker can stamp a cheque and deduct the twopence from the amount paid, or charge it to his customer. A foreign cheque requires a twopenny postage stamp affixing on arrival in this country—not a bill stamp.

A **Cheque Book** consists of two unequal parts, divided by perforation like postage stamps, the smaller or left–hand part being called the **counterfoil**; the larger oblong portion being the **cheque form**, which, after being filled up in *ink*, is torn off at the vertical dotted line and handed to the party to whom you have made the cheque payable. The clerk of a customer may only obtain a cheque book on presenting a *written* application (usually on a small printed form) signed by his principal.

Counterfoil. *Cheque Form.*

No. .....

.....*192*

.....

.....

.....

£ .....

No. .... *Huddersfield,*.....*192*

To the

National Bank,

LIMITED.

Pay.....*or Order*

STAMP TWO PENCE.

£

LONDON BANKERS:
MESSRS. BARCLAY & CO., LIMITED.

58. A cheque may be drawn to be made payable either to **Bearer** or to **Order.**

A cheque payable to **BEARER** is, as its name implies, payable to the holder or possessor, or bearer of it; that is, anyone who may *present* it at the Bank. Bearer cheques do not require *endorsing*. A cheque payable to **ORDER** is the most common kind and always requires to be endorsed by the person to whom it is made payable before the banker will cash it.

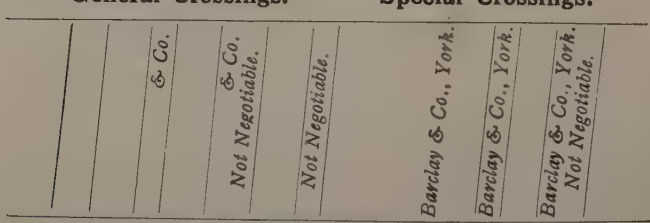
59. ENDORSING is the act of a person to whom a cheque is made payable, signing his name across the back of it, at the perforated end. A Banker is *not* liable if he pays a cheque with a forged endorsement. A **form** of **receipt** to be signed by the payee is sometimes printed at the foot or on the back of a cheque; and when the amount is for **£2** and upwards a twopenny receipt **stamp** must be affixed.

60. PRESENTING a cheque is the taking of it to the Bank named on the face of the cheque, and requesting cash for the amount specified thereon. It sometimes happens, however, that where a customer has not sufficient money in the bank to meet a cheque, the banker refuses to cash the same, returning it marked R/D (Refer to drawer) or N/S (Not sufficient funds), in which case the cheque is said to be **dishonoured.** After a cheque has been refused, which exceeded the customer's balance, smaller cheques may still be paid when presented. In Scotland, however, it is not so; presentment of a cheque there establishing a lien on the balance in favour of the holder of the cheque. The remedy or right of action of the payee in respect of a dishonoured cheque is against the drawer and not the banker. On receipt of information from your banker that a cheque is dishonoured you must write to the person from whom you received it demanding immediate cash. The Journal **entry** would be *A Person Dr. To Bank.* In **practical** work enter the name of the debtor on the **Cr.** side of the Cash Book, placing the amount of the cheque in the Bank Column, and posting it to the debit of the debtor. A **marked cheque** is one

that has been initialled by the banker upon whom it is drawn, thus indicating that he has sufficient funds with which to meet the cheque at the first "clearing" of the following day.

61. The phrase **OR ORDER** which follows the name of the person to whom a cheque is made payable, means that such person may, by endorsing it, *order* or *authorise* anyone else to receive the money. Therefore an **order** cheque is not **negotiable** until it is endorsed; but a *bearer* cheque is negotiable *without* endorsement. If the words *order* or *bearer* were omitted, or struck out, it would not restrict the negotiation of the cheque, which would be treated as an **order** cheque and require endorsement as such.

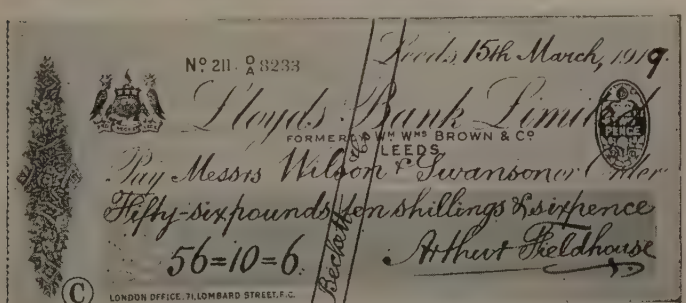
62. A CROSSED CHEQUE is one on which **(a) two parallel transverse lines** are drawn across the face with or without *& Co., Not Negotiable, Under Fifty Pounds, &c.*, or the name of a banking firm written between them, as *Beckett & Co.*, or *Union Bank;* **(b)** the name of a banker, merely, is written across, without the parallel lines.



The general effect of this **crossing** is that you cannot obtain cash for the cheque on presentation at the counter of the Bank upon which it is drawn; but must simply pay or hand over the cheque to your banker, who will collect the amount from the banker named on the cheque, and credit your banking a/c. with the amount. Therefore the ordinary or **general crossing** of a cheque is equal to writing across it *payable through a bank only;* while writing across it the name of a bank is

equal to saying to your banker *pay through this bank only*. The latter method is called a **special crossing.** In the following example the Lloyds Bank, Limited. would be compelled to pay the £56 10s. 6d. to Beckett & Co., as the crossing specially directs it. When cheques are to be sent by post they should always be crossed. If, when drawing a cheque, you should cross it by mistake, you may **open** it, *i.e.*, cancel the crossing by writing across the cheque *Pay Cash,* and adding your signature. A person receiving a crossed cheque, who has no banking a/c. must either hand it over to a person who has a banking a/c. or lodge it at a bank for collection and call in a few days for the cash. In the latter case a small commission would be charged. A cheque which is *not* crossed is sometimes spoken of as an **open cheque.** Should you wish to draw a cheque so that none but the payee may obtain the cash, it would be necessary not only to *specially cross* it and mark it *not negotiable,* but also to strike out *or order* and insert *only,* which alteration would require initialling. A **blank cheque** is one signed by the drawer without the amount being filled in. Such a cheque is sometimes sent in payment of goods, the exact cost of which is only known to the payee, who fills in the amount, but the practice is dangerous.

SPECIALLY CROSSED CHEQUE.



63. In practice there are **four essentials** in **drawing a cheque**; that is **filling** up a **cheque form.**

1. The **date** should always be that upon which

the cheque is actually drawn or made out, although it is not invalid by reason only that it is *undated, ante-dated* (dated *before* the true time), or *post-dated* (dated *after* the true time), or that it bears date on a Sunday. An undated cheque would be refused by the banker and marked *Incomplete*. Post-dated cheques cannot be cashed until the arrival of the day named thereon, and those dated on a Sunday cannot be cashed until the following business day.

2. The **name** of the **payee,** that is the person to whom it is made payable, must be clearly and boldly written. When withdrawing money from the bank for yourself the word *Self* or *Selves* must be written in the place provided for the name of the payee.

3. The **amount** must be clearly stated in **words** in the body of the cheque, and in figures at the left-hand bottom corner. It is named twice to save uncertainty, and as a precaution against fraud. Although the banker is bound in *law* by the words it is the *practice* to return a cheque in which the words and figures do not agree, marked *amounts differ.* Where figures only are given the cheque would be returned marked *Incomplete.* Should the amount be altered it must be initialled by the drawer, otherwise payment will be refused.

4. The **signature** of the **drawer** or payer must be clearly written at the foot of the cheque. When an **officer** of a **company** draws a cheque he should sign as follows :—*Per pro. Leeds Steel Co., Ltd.,*

James Day, Manager.

Before tearing the cheque out of the book you should enter on the **Counterfoil** at least four items :—Date; name of payee; what the payment is for; and the amount.

64. A **Banker** is his **customer's debtor** when the balance of the a/c. is in the customer's favour, and an ordinary cheque on a banker is a Bill of Exchange payable **on demand,** directing the banker (the drawee) to pay money to some payee. The **authority** of a banker to pay a cheque drawn on him by his customer is **determined** or rendered void by—(1) Countermand or

stopping of payment by the customer in writing. (2) Notice of customer's death. (3) Notice of customer's bankruptcy. (4) The operation of a Garnishee Order. (5) Want of funds. (6) Out of order, owing to some inaccuracy.

Although the drawer is liable for six years on a cheque, a banker would probably refuse to cash a cheque six months old as **stale.** The **holder** of a cheque should pay it into the bank not later than the day after he has received it, as if retained longer he runs the risk of the bank failing, in which case he becomes the banker's creditor. Where a cheque has been torn in pieces and pasted together the bank would generally return it, marked *Cheque mutilated.*

A banker is bound to know his **customer's handwriting** as drawer, and if a banker pays a cheque on which the drawer's name is **forged,** the loss falls on the banker. The same rule applies if the body of a cheque be in *part* forged, as in a case of a cheque for *Six Pounds,* £6, which might easily be altered to *Sixty,* £60, but not if so carelessly drawn as to facilitate or invite fraud.

If a **banker disobeys** the **crossing** (that is, if he pays a crossed cheque across the counter, or a specially crossed cheque to the wrong banker), he is liable to the true owner of the cheque for any damage he may sustain through such payment.

65. When a **crossed cheque** is marked **Not negotiable,** it means that the receiver shall not have, and shall not be capable of giving, a better title to the cheque than had the person from whom he took it. If the person who transfers the cheque had a good title, the taker is safe; otherwise, though he presents the cheque and gets the money, he may have to refund it. These two words *do not prevent transfer* of a cheque, but merely constitute a **caution** addressed to the receiver or transferee and really mean—**Beware of the Transferor**—the person handing you the cheque. If you accepted such a cheque from a stranger in return for some goods, and on presentation it was found that the stranger had stolen it, you, although innocent, would lose the value thereof, which would be restored to its

lawful owner, who is protected from loss by these two words. The banker on whom the cheque is drawn may pay it to any banker who presents it if crossed generally, or to the banker named if it be crossed specially, and the banker who receives the money may pay it to his customer, and neither banker, if he has acted in good faith and without negligence, will be liable to refund the money. The words *not negotiable* themselves do *not* constitute a crossing, but are usually *part* of a crossing.

66. How are **CHEQUES entered** in the **JOURNAL?**

a. All cheques **received** by you must be treated as ordinary cash receipts, and therefore **debited** against the **Cash A/c.,** and credited to the person or a/c. paying them to you. You will place them in your cash-box, and when balancing will reckon them along with the notes, gold and silver as part of your balance.

b. Some merchants make a practice of **endorsing over** or paying away cheques which they have received from their customers to others, to whom they are indebted; in which case the person to whom it is paid is debited and Cash A/c. credited. For instance, you receive a cheque from E. Hart for £28 (which you debit to cash) and hand it on to your Creditor, G. Allen. The Journal entry on remitting to Allen would be—

G. Allen...Dr. £28. *To Cash* – £28.

c. If you draw a cheque in favour of a merchant from your own cheque book your Cash A/c. is *not* affected thereby, because the merchant would present and obtain the cash for the cheque from your banker. Therefore you would debit the merchant and **credit** the **Bank A/c.,** not the Office Cash A/c. When you require cash for the office use you draw a cheque in favour of *Self.* This is called *drawing cheque for cash.* and would be journalised thus :—

Cash Dr. To Bank.

d. At least thrice a week a merchant should pay his surplus cheques, &c., into the bank, the entry

for this transaction being *Bank Dr. To Cash.* The cash is handed to the banker's cashier or **teller,** accompanied by a paying-in-slip, or—

67. CREDIT SLIP, upon which is entered the amount of the bills, cheques, notes, and coin; the total thereof being credited to the payer by the banker. The advantage of the use of this slip is that it can be referred to in case there should arise any dispute as to the amount intended to be paid in. Most Credit Slips have Counterfoils attached to them, in which case you would enter the particulars on the Counterfoil for reference. Most customers get the Counterfoil initialled by the banker's clerk, while others require the amount to be entered in the Pass Book. Credit Slips and Cheques form the basis of the **Slip System** of Book-keeping used in all banks.

To the Yorkshire Banking Company, Limited.

Bank of England Notes ...	100	-	-
Country Notes	20	-	-
£1 Treasury Notes	40	-	-
10s. Treasury Notes ...	10	-	-
Gold	10	-	-
Silver and Copper	12	-	-
Total Cash ...	192	-	-
Local Cheques and P.O.'s	83	10	-
Country Cheques	264	17	6
London Cheques	119	2	6
Bills	300	-	-
Total £	959	10	-

2nd March, 1923.

Credit *the Current Account of*

.....*Self*.....

with the sum of £959 : 10 : -

paid in by

ALBERT PUPIL.

68. CASH not only includes the current Coins of the realm, Treasury Notes, Cheques, M.O. and P.O., but also **BANK NOTES,** which are promissory notes on some bank, payable to bearer on demand. Those banks privileged to issue notes are known as **Banks of Issue.** Very few of these issue notes of a greater value than £5. The only bank issuing notes of a greater value than £100 is the Bank of England, which is the

largest banking concern in the world. **The Bank,** as it is called, issues notes for £5, £10, £20, £50, £100, £500, and £1,000. In Scotland and Ireland £1 bank notes are common.

However useful and convenient **cheques** may be, they are not *legal tender,* and they cannot at all times take the place of coin. For instance, if you make a purchase at a sale by auction, where you are unknown, the Auctioneer would not accept a mere cheque in payment of your indebtedness. He would however, readily take any number of Bank of England notes, as they represent gold. The **advantage** of **Treasury** and **Bank Notes** over large amounts of coin is evident, particularly when it is remembered that 1,000 sovereigns weigh over 21 lbs. troy.

Notes issued by any bank other than the Bank of England are called *Country Notes,* in order to distinguish them from the *Bank Notes* issued by the Bank of England, which enjoys the exclusive privilege of issuing notes in London and for many miles around.

69. COMBINATIONS in **Journalising** are indicated by asterisks or stars.* It frequently happens that transactions of a **similar nature** occur on the **same date,** in which case they should be combined in order to reduce the number of entries and postings. For instance, all the three transactions on March 5th, in the next exercise are in respect of goods sold. Instead of journalising each item separately, and writing *To Goods* three times, you may combine them as shown below, thus saving two entries and postings for goods :

March 5.	*Henry Hoole* .....*Dr.*	£2 7 -		
	George Grace ..... ,,	19 - -		
	Edwin Hart ..... ,,	27 10 -		
	To Goods		£48 17 -	
March 12.	*Goods* .....*Dr.*	£29 9 -		
	To George Allen		£16 2 -	
	,, *Cassell & Co.*		10 - -	
	,, *Cash*		3 7 -	

When **posting** the combined sum of £48 17 – to the Goods A/c. in the Ledger, you cannot say *By Hoole, Grace and Hart,* but must use the word—

70. Sundries, which denotes *more than one a/c.* This word is generally employed when posting an amount made up of more than one item.

Exercise 21.

Journalise the following transactions of Albert Pupil, whose Ledger balances on 1st March, stood thus :—

1907.			*Dr.*	*Cr.*
Mar. 1.	Cash	*Dr.*	£401 19 2	
	Goods	,,	175 - -	
	Thomas Gee	,,	30 - -	
	Henry Hoole	,,	3 7 -	
	Field & Co.			8 16 -
	George Allen			11 8 -
	Cassell & Co.			14 12 -
	Capital			575 10 2
			£610 6 2	£610 6 2

	Transactions.	£ s. d.
Mar. 2.	Paid into Bank (par. 66*d*)	390 - -
,, 3.	Bought Goods of Cassell & Co.	25 - -
,, 4.	Paid Cash for Cheque Book (Trade Exs.)	- 8 4
,, 5.	*Sold Henry Hoole, Goods (par. 69)	2 7 -
,, 5.	* ,, George Grace, Goods	19 - -
,, 5.	* ,, Edwin Hart, Goods	27 10 -
,, 6.	Sent Cassell & Co. crossed cheque (par. 66*c*)	39 12 -
,, 8.	Bought of Cassell & Co., Goods	45 - -
,, 9.	Received Cheque from Edwin Hart (66*a*)	28 - -
,, 11.	Sold Goods to Edwin Hart	34 - -
,, 12.	*Bought Goods of George Allen (par. 69)	16 2 -
,, 12.	* ,, ,, Cassell & Co.	10 - -
,, 12.	* ,, ,, for Cash	3 7 -
,, 13.	Sold Goods for Cheque (par. 66*a*)	5 - -
,, 13.	Paid Wages in Cash (Trade Exs.)	4 - -
,, 15.	Sent Cheque recd. from E. Hart to G. Allen (66*b*)	28 - -
,, 16.	Received crossed cheque from Henry Hoole	5 14 -
,, 17.	Paid into Bank	10 14 -
,, 18.	*Sent Cassell & Co., a cheque (par. 69)	45 - -
,, 18.	* ,, Thomas Gee a cheque	15 - -
,, 20.	Drew Cheque for Cash (par. 66*c*)	15 - -
,, 22.	Sold George Grace, Goods	10 - -
,, 24.	Bought of Field & Co., Goods	17 - -
,, 26.	Sent Cheque to Field & Co.	8 16 -
,, 28.	Received Cheque from Thomas Gee	45 - -
,, 30.	Paid Rent by cheque (Trade Exs.)	10 - -
,, 30.	,, for Gas by cheque (Trade Exs.)	8 7 -
,, 31.	Cash Sales during month (par. 53*c*)	90 6 8

Post. Make T/B. *Value of Stock* £196. Prepare B/S.

Exercise 22.

Journalise; Post; make T/B.; close a/cs. and draw B/S.

1907.		£	s.	d.
Apl. 1.	The Cashier had in hand (par. 39)	2000	-	-
,, 2.	Paid to Bank (par. 66*d*)	1950	-	-
,, 3.	Bought from Prince & Co., 500 yards Cloth...	190	-	-
,, 4.	Received from Coop & Co., 320 yards Cloth...	40	-	-
,, 4.	Received from Bank (par. 66*c*)	40	-	-
,, 4.	Paid Coop & Co., 4 £10 notes (Cash)	40	-	-
,, 5.	Sold George Webb, 120 yards Cloth	30	4	8
,, 6.	Received from George Webb, 2 £5 notes (Cash)	10	-	-
,, 6.	Bought from Coop & Co., Silk ... £145 - -			
	Satin... 72 17 6—217	17	6	
,, 8.	Paid Fire Insce. Premium by cheque (T/E)	4	10	-
,, 9.	Forwarded G. Webb, Velvets, £30, Satin, £29 6	59	6	-
,, 10.	Bought for Cash, Silk	12	10	-
,, 11.	Paid to Bank	20	-	-
,, 11.	Received from Dodd & Co., Cheque (66*a*)	10	-	-
,, 12.	Bought from George Webb, 300 yards Cloth...	66	-	-
,, 14.	Sent Dodd & Co., Silks, £38, Cloth, £16	54	-	-
,, 15.	Sold Goods for Cash	14	10	6
,, 16.	Bought from Coop & Co., Goods	20	-	-
,, 19.	Bought from James Land—Merino... £37 10			
	Stuffs ... 177 10—215	-	-	
,, 23.	Paid Borough Rate by Cheque (T/E.)	5	5	-
,, 26.	Cash Sales (par. 53*c*)	400	-	-
,, 30.	Paid into Bank	350	-	-
,, 30.	Paid Salary with £10 note, Cash (T/E.)	10	-	-
,, 30.	Paid Sundry Trade Expenses in Cash	25	-	-

Value of Goods unsold, £399 10s. 0d. (*See page* 111).

71. INTEREST is the premium or sum paid by a borrower for the use of money, and is usually charged at so much per cent. per annum. It is also the produce of employed capital. For example, in Ex. 23 you will find that the Capital invested is £700. It will be clear that had your business borrowed this £700 from a money lender you would have had to pay the interest thereon. And likewise when you employ **your money** in your own business it must be treated as a **loan** to the **business,** and interest charged by you in respect thereof, as though it were lent to you by someone else, or invested in some security. **Interest** on **Capital,** whether your own—the trader's—*or borrowed Capital,* is a charge against or a loss to the business, and an allowance or gain to the lender; hence, journalise thus :

May 31. Interest A/c....Dr. £2 15 -
To Capital A/c. (or Lender's A/c.)...£2 15 -

72. BANK CHARGES include interest on overdrafts, commission on cheques and drafts, charges for cheque books, postages, and for collecting cheques payable abroad. While all Banks charge interest on overdrawn A/cs., most of them also allow interest on the minimum monthly balance of the Current A/cs. of their customers. The **Commission** charged by Banks to their customers for cashing cheques drawn by them varies from 2/6 to 5/- per cent. It is customary for Banks to balance their books every half-year, when the Pass Books are also balanced and ruled off. When an a/c. is **overdrawn** (that is where the customer owes a balance to the bank) an entry will appear on the Dr. side of the Pass Book (in provincial banks) for *Bank Charges,* to cover the interest on the amount owing, and commission, &c. This amount may be debited to the *Trade Exs. A/c.* and credited to the Bank. On the other hand, when you have a balance at the Bank you will find **Interest** added to the Cr. side of the Pass Book, in which case you would journalise as follows :—

June 30. *Bank.....Dr.* £3 5 -
To Interest A/c.....£3 5 -

or enter on the **Dr.** side of the Cash Book :—

June 30. *To Bank Interest ...* £3 5 -

73. Goods may be sold for immediate **Cash** or on **Credit,** either of which may be subject to **DISCOUNT** which is an abatement or allowance made upon the payment of a sum of money, and usually takes the form of a percentage deduction. Thus, if you purchase goods value £10, and the invoice states $2\frac{1}{2}\%$ *in 30 days,* it means that the seller will accept any time *within* 30 days from the date of the invoice, the sum of £9 15 – in discharge, thereby allowing 5/– for discount. There are two forms of commercial discount. (a) **Cash** Discount is an allowance made on the *prompt payment* of a debt, or before it is due, or for payment within a given period, as illustrated above. The price paid for the advantages of Ready Money. (b) **Trade**

discount is an allowance (usually specified on the invoice) made by wholesale merchants to retail dealers (irrespective of time), varying from 2½ to 95%, in accordance with the custom of each particular trade. **Trade** discount is usually *deducted* in the Purchases or Sales Books, and the *net* amount only posted to the ledger a/cs.

Discount **allowed by you,** being a *loss,* is *debited,* while that **allowed to you,** being a *gain,* is *credited* to the **Discount A/c.** Being a deduction from the amount owing, the Discount is *always* entered *underneath* and in the *same column* of the Journal as the Cash, thus :—

May 10.	*Cash* .....*Dr.*	£30 - -		
	Discount A/c. ..... ,,	- 16 -		
	To Arthur Carr		30	16 -
,, 15.	*Penn & Co.* .....*Dr.*	£105 - -		
	To Bank		100	- -
	,, *Discount A/c.*		5	- -

Dr. (Ex. 23). **Arthur Carr.** **Cr.**

1907		£	s.	d.	1907		£	s.	d.
May 4	To Goods	30	16	-	May 10	By Cash	30	-	-
,, 12	,, do.	24	15	-	,, ,,	,, Discount	-	16	-
					,, 31	,, *Balance c/d*	24	15	-
	£	55	11	-		£	55	11	-
June 1	To Balance.....b/d	24	15	-					

Dr. (Ex. 23). **Penn & Co.** **Cr.**

1907		£	s.	d.	1907		£	s.	d.
May 15	To Bank	100	-	-	May 1	By Balance	57	18	-
,, ,,	,, Discount	5	-	-	,, 15	,, Goods	56	16	-
,, 31	,, *Balance c/d*.....	9	14	-					
	£	114	14	-		£	114	14	-
					June 1	By Balance .....b/d	9	14	-

Dr. (Ex. 23). **My Discount A/c.** **Cr.**

1907	*Allowed by me.*	£	s.	d.	1907	*Allowed to me.*	£	s.	d.
May 10	To A. Carr.....	-	16	-	May 15	By Penn & Co.....	5	-	-
,, 29	,, W. Fell.....	-	5	-					
,, 31	,, *Transfer to P. & L. A/c.*	3	19	-					
	£	5	-	-		£	5	-	-

On **balancing** the Ledger transfer the *differences* of the Interest and Discount A/cs. to the P. & L. A/c., and enter—*To* or *By Interest A/c.* or *Discount A/c.*

Exercise 23.

Journalise, post, make T.B.; close a/cs. and prepare B/S.

1907.		£ s. d.	£ s. d.
May 1.	Cash in hand (*N.B. at foot of page*)	39 10 -	
	,, Bank	332 8 -	
	Goods valued at	350 10 -	
	Thomas Aller owes me	35 10 -	757 18 -
	I owe Penn & Co.		57 18 -
	Transactions :—		
,, 4.	*Sold Goods to Arthur Carr		30 16 -
,, 4.	* ,, ,, Thomas Aller		45 12 -
,, 5.	Received Cash for Goods		37 7 6
,, 5.	Paid Cash into Bank		70 - -
,, 10.	Recd. from Arthur Carr, Cash (73) £30 - -		
	And I have allowed him Discount ... -16 -		30 16 -
,, 11.	Withdrew from Bank		10 - -
,, 12.	Thomas Aller paid into my Banking A/c. ...		50 - -
,, 12.	Paid Cheque for Goods		67 10 -
,, 12.	*Sold Arthur Carr, Goods		24 15 -
,, 12.	* ,, Walter Fell, Goods		48 5 -
,, 14.	Paid for Stationery (Trade Expenses)		4 16 -
,, 15.	Bought of Penn & Co., Goods		56 16 -
,, 15.	Paid Penn & Co., Cheque (73) ... £100 - -		
	And they allowed me Discount ... 5 - -		105 - -
,, 15.	Received from Walter Fell, Bank Notes		40 - -
,, 20.	Cash Sales (par. 53*c*)		36 12 6
,, 29.	Received M.O. from Walter Fell (73) £8 - -		
	And I allowed him Discount ... - 5 -		8 5 -
,, 30.	Paid Rent of Warehouse by Cheque (Trade Exs.)		20 - -
,, 30.	Paid into Bank		75 - -
,, 31.	Paid Sundry Trade Expenses for month		7 17 6
,, 31.	Paid Wages in Cash (Trade Expenses)		4 10 -
,, 31.	Interest on Capital (par. 71)		2 15 -

Value of Stock, £310. (*Bal. of Office Cash*, £39 6s. 6d.; *Bank*, £329 18s.)

N.B.—(*a*) In the opening entries the amount of the Capital is not given. It may be easily ascertained by deducting the only liability of Penn & Co. of £57 18s. 0d. from the total of the four items of assets £757 18s. (See par. 28). Journalise the opening or starting entries thus:

1907.		*Dr.*	*Cr.*
May 1.	*Cash* ..... *Dr.*	39 10	
	Bank ..... ,,	332 8	
	Goods ..... ,,	350 10	
	Thomas Aller ..... ,,	35 10	
	To Penn & Co.		57 18
	,, *Capital*		700 - -
		£757 18 -	757 18 -

74. BAD DEBTS. (Also par. 95a. p. 85.) During the course of your business career you will no doubt meet with customers who will purchase goods and fail to pay for them. Some of these will become insolvent and bankrupt, while others will abscond or run away. From the former you may receive a composition or dividend upon the amount owing; but from the latter a total loss will be likely to accrue. The result in either case is a bad debt, which may be defined as a debt receivable, that is sure to result in either a partial or a total loss. When you sustain a loss of this character, it must be *written off*, and a **Bad Debts A/c.** must be opened, to which the amount lost must be debited. Like discount, the amount of the bad debt is *always* entered *underneath* and in the *same column* of the Journal as the *Cash* received. For instance, "Received cheque for Debt of C. Bond, being first and final dividend of 10/- in the £ on £70," would be journalised thus :—

June **4.**	*Cash*	*Dr.*	£35	
	Bad Debts A/c.	,,	£35	
	To Charles Bond			£70

It is clear that if you merely credited Bond with the Cash, his a/c. would show an asset of £35, which would not be the fact, as you have accepted that sum in **discharge** of the £70, therefore Bond is legally relieved of future liability in respect of his debt, and his a/c. must be closed by being credited with the full amount. (See page 85).

Whenever you are made aware that one of your **debtors** has died or absconded and left **no assets** behind, or has become bankrupt, and his assets are insufficient to cover the expenses attending the bankruptcy proceedings, or when a debt receivable has become **statute barred,** through absence of acknowledgment for *six* years, you must at once *debit* the *Bad Debts A/c.* and *credit* the a/c. of *A. Debtor* with the full amount.

Should you be surprised one day by receiving an amount previously written off as bad or irrecoverable, you would *debit* Cash and *credit* the Bad Debts A/c.

On **balancing** the Ledger, the *difference* of the Bad Debts A/c., which is merely a sub-division of and subsidiary to the P. & L. A/c., must be transferred to the latter A/c., and entered *To Bad Debts A/c.*, £95.

Dr. **Bad Debts A/c. (Ex. 24).** **Cr.**

1907		£	s.	d.	1907		£	s.	d.
June 4	To C. Bond 10/-	35	-	-	June 30	*By Transfer to P. & L. A/c.*	95	-	-
„ 27	„ Stocks & Co., 13/4	60	-	-					
	£	95	-	-		£	95	-	-

Dr. **Charles Bond,** Dock Street, Hull. **Cr.**

1907			£	s.	d.	1907		£	s.	d.
June 1	To Balance	b/d	70	-	-	June 4	By Cash	35	-	-
							„ Bad Debt.....	35	-	-
		£	70	-	-		£	70	-	-

75. CHARGES ON GOODS. The purchase and sale of goods generally necessitates their conveyance from one place to another, and sometimes their lodgment in warehouses, and on docks or wharves. All charges for or in respect of the conveyance or warehousing of goods increase the cost and must be debited to a **Carriage A/c.,** the *total* of which must be carried to the Trading or P. & L. A/c. when balancing. The payment of carriage should be recorded in the Cash Book, thus :—

June 15. By Carriage.....£18 10s.

76. PETTY CASH is a sum of money allotted for the payment of small and trivial expenses; such as Postage Stamps, Carriage on Parcels, String, Newspapers, Stationery, Travelling Expenses, Subscriptions, Time Tables, Gratuities, Matches, &c. An advance is made from the General Cash to Petty Cash A/c., the latter being debited and the former credited. The balance of Petty Cash is, of course, an asset. The **Petty Cash Book** is usually kept by a junior clerk in which he records, in a convenient form for combined posting, the numerous small expenses above mentioned. The method generally adopted is that known as the **Imprest System,** whereby an *even, fixed* sum is advanced by the Cashier to the **Petty Cashier,** the total of his petty payments being refunded to him at the

end of the month, thus leaving him with the same fixed or *imprest amount in hand,* for the petty expenses of the following month. The Petty Cash Book therefore only needs one side, seeing that it is Dr. for a *fixed* amount. In small businesses the **total** of each month's disbursements is debited to the Trade Exs. A/c., while in larger concerns the items are analysed either by tabular columns or otherwise, and carried to their respective a/cs. in the Ledger, on balancing the books. The six analytical columns in the example given in the appendix may, of course, be dispensed with.

In working exercises, a solitary P.C. payment may be journalised thus :—*June 30, Trade Expenses Dr. To Petty Cash, £4 7s. 10d.,* this being posted to a Petty Cash A/c. in the Ledger. When there are several items the more **practical** method of keeping a Petty Cash Book should be adopted, which, of course, dispenses with the necessity of keeping an ordinary Ledger A/c.

Dr. **Petty Cash Book.** (Ex. 24). **Cr.**

£	s.	d.	1907		£	s.	d.
5	-	-	June 1	To Cash			
			,, 30	By Sundry Trade Expenses.....	4	7	10
			,, 30	,, *Balance* .....c/f	-	12	2
£5	-	-			£5	-	-

Exercise 24.

(*These opening entries are shown on page* 95.)

Liabilities : 1st June, 1907. £ s.	*Assets* :— £ s
Due to William Smith.. 135 -	Cash at Bank 1237 10
Do. Walter Rudd .. 165 -	Do. Office 53 10
Do. Martin Kidd .. 209 -	Goods valued at ..... 755 -
Do. John Ball 59 15	Due from Alfred Wells 123 15
Albert Pupil's Capital...1850 -	Do. Stocks & Co. 79 -
	Do. Charles Bond 70 -
	Do. Henry Bell.. 100 -

June 1. Advanced for Petty Cash (*By Petty Cash*) £5
,, 2. Sold Alfred Wells, Goods for Cash 125
,, 2. Paid Walter Rudd, cheque £164 2/-, Dis. 18/- ... 165
,, 2. Paid into Bank 100
,, 2. Remitted William Smith on a/c. by cheque (N.B.*c*) 100
,, 4. Received Cheque for Debt of C. Bond, being first and final dividend of 10/- in the £ on £70 (74)... 35
,, 5. *Sold Caleb Brett, Goods 90
,, 5. *Sold Alfred Wells, Goods 43
,, 6. *Received cheque from Alfred Wells 100
,, 6. * Do. do. Henry Bell 50

June 7.	Paid cheques received into Bank (66*d*)	£150	-	-
,, 9.	Bought of Martin Kidd, Goods	550	-	-
,, 9.	Remitted (sent) him cheque on a/c.	200	-	
,, 11.	Sold Henry Bell, Goods	78	10	-
,, 12.	Sold goods for cheque, paid it bank to-day (*N.B.d.*)	93	-	-
,, 14.	Drew cheque on bank for cash (66*c*)	50	-	-
,, 15.	Paid Carriage A/c. in cash (75)	18	10	-
,, 17.	Paid Cash for Repairs	17	15	-
,, 18.	Sold Stocks & Co., goods for cash (*N.B.a.*)...	160	-	-
	And on credit	101	-	-
,, 20.	Bought of John Ball, goods	20	5	-
,, 23.	Bought goods for cheque £300, for cash £20	320	-	-
,, 24.	Paid rent by crossed cheque	40	-	-
,, 24.	Received from Alfred Wells, cheque £60 - -			
	Discount allowed by me ..... 3 15 -	63	15	-
,, 25.	Sent J. Ball cheque in settlement £76, Dis £4	80	-	-
,, 27.	Received from Stocks & Co., a composition of 13/4 in the £ in discharge of debt £180 (74)	120	-	-
,, 29.	Paid into Bank	310	-	-
,, 30.	Cash Sales during month (53*c*)	317	10	-
,, 30.	*Paid Trade Expenses by cash	24	6	-
,, 30.	* Do. do. petty cash (76)	4	7	10
,, 30.	*Due* to Midland Railway Co. for Carriage (*N.B.b*)	23	4	5
,, 30.	Interest credited to my a/c. at Bank (72) ...	3	5	-
,, 30.	Interest on Capital (71)	7	14	-
	Value of Goods, £990. (*Bal. of Office Cash*, £425 9s.; *Bank*, £963 13s.).			

N.B.—(*a*) In Journalising debit Cash £160, Stocks & Co. £101. To Goods £261. In practical work put total in Sales Book.

(*b*) This amount is not paid but merely *due,* therefore journalise *Carriage A/c. Dr. To Midland Rly. Co.*

(*c*) "On a/c." means "in part payment of a larger sum."

(*d*) When a cheque is received and paid into Bank same day the Bank should be debited and *not* Office Cash.

77. PARTNERSHIP is the relation which subsists between persons, known as a **firm,** jointly carrying on business in common with a view to the acquisition of gain. The combination of two or more (not exceeding twenty) persons called Partners, to carry on any business or trade, each sharing the profits and losses as may be previously arranged. The chief **advantages** of a partnership are union of capital and union of different qualities. Although not absolutely necessary, it is

customary and expedient for partners to have prepared by a Solicitor and to sign a stamped Agreement or Deed known as *Articles of Partnership,* setting forth the terms arranged between them. The **death** or bankruptcy of any ordinary or general partner dissolves the partnership unless otherwise stipulated by an agreement. In a **Limited Partnership,** which must be registered, there must be one or more *general* partners liable for all the debts of the partnership, and one or more *limited* partners, who are liable for such debts to a stated amount only.

An a/c. should be opened for each partner's capital: the entry for the first item in the next exercise being :—

July 1. *Cash* .....*Dr.* £2,000.
To Albert Pupil's Cap. A/c......£1,000.
,, *Leo Pupil's do.* .....£1,000.

In **practical** work these two amounts would be entered on the **Dr.** side of the Cash Book, office column.

As the shares of the partners are in this case equal, you will, when closing the P. & L. A/c., share the *Net Profit* equally between them as shown below :—

Dr. **Profit & Loss A/c.** (Ex. 25). **Cr.**

1907		£	s.	d.	1907		£	s.	d.
July 31	To Carriage A/c.	20	5	-	July 31	By Gross Profit from Timber A/c.....	232	15	-
,, ,,	,, Wages A/c.	16	-	-					
,, ,,	,, Bad Debts A/c.....	62	-	-					
,, ,,	,, Interest A/c.....	6	5	7					
,, ,,	,, Discount A/c.....	8	19	9					
,, ,,	,, Trade Exs. A/c. ...	18	5	6					
,, ,,	,, *Capital A/cs.*:—								
	A. Pupil £52 19 7								
	L. Pupil £52 19 7	105	19	2					
		£232	15	-			£232	15	-

78. DRAWINGS OF PARTNERS are those amounts, or the value of those goods, which are **withdrawn** by them from the firm for their private use, during the progress of the business, in anticipation of profits. These sums must not be debited to their Capital a/c., but a *subsidiary* a/c. to the Capital a/c., known as a **Drawings A/c.,** for each partner must be opened and debited. The **interest** allowed on the capital of each partner (see par. 71), as well as his share of the profit realised or loss sustained, must be placed

to his **Capital A/c.** unless a **Current A/c.** is kept, in which case they may be transferred thereto. **Partner's Salaries** should be debited to the P. & L. A/c. **Drawings** and **Current A/cs.** are balanced in the ordinary manner, but being subsidiary to the Capital A/cs., the *difference* of each must be transferred to the *Capital A/c.* affected. The items on the 16th July in Ex. 25 would be entered on the **Cr.** side of the Cash Book in the Bank column, or journalised thus :—

A. Pupil's Drawings A/c. .....Dr. £10
L. Pupil's do. ..... ,, 10
To Bank £20

If the **withdrawals** of the partners are *unequal*, **interest** should be charged thereon, Ex. 42, thus :—

C. Maxey's Drawings A/c..Dr. £1 6 5
W. Bell's do. .. ,, 10 11
To Interest A/c. £1 17 4

Dr. **Albert Pupil's Capital A/c.** **Cr.**

1907			£	s.	d.	1907			£	s.	d.
July 31	To Drawings A/c		20	-	-	July 1	By Cash		1000	-	-
,, 31	,, *Balance*	c/d	1037	2	11	,, 31	,, Interest ...		4	3	4
						,, 31	,, Net Profit		52	19	7
		£	1057	2	11			£	1057	2	11
						Aug. 1	By Balance ...	b/d	1037	2	11

Dr. **Albert Pupil's Drawings A/c.** **Cr.**

1907			£	s.	d.	1907			£	s.	d.
July 16	To Bank		10	-	-	July 31	*By Transfer to Capital A/c.*		20	-	-
,, 30	,, Do.		10	-	-						
		£	20	-	-			£	20	-	-

Dr. **Leo Pupil's Capital A/c.** **Cr.**

1907			£	s.	d.	1907			£	s.	d.
July 31	To Drawings A/c		20	-	-	July 1	By Cash		1000	-	-
,, 31	,, *Balance*	c/d	1037	2	11	,, 31	,, Interest ...		4	3	4
						,, 31	,, Net Profit		52	19	7
		£	1057	2	11			£	1057	2	11
						Aug. 1	By Balance.....	b/d	1037	2	11

Dr. **Leo Pupil's Drawings A/c.** **Cr.**

1907			£	s.	d.	1907			£	s.	d.
July 16	To Bank		10	-	-	July 31	*By Transfer to Capital A/c.*		20	-	-
,, 30	,, Do.		10	-	-						
		£	20	-	-			£	20	-	-

Balance Sheet of PUPIL BROS., **on 31st July, 1907.**

Liabilities.	£	s.	d.	Assets.	£	s.	d.
Sundry Creditors :—				Cash in hand £38 17 9			
Tree & Co.	40	-	-	Cash at Bank 548 3 7			
Capital :—				Petty Cash 2 3 6			
Albert Pupil... £1037 2 11					589	4	10
Leo Pupil £1037 2 11				Sundry Debtors :—			
	2074	5	10	Benjn. Dean ... £21 - 3			
				Howe & Co. ... 173 10 -			
				CliffordPears... 88 - -			
				Samuel Giles... 57 10 9			
					335	1	-
				Stock of Timber	990	-	-
				Goodwill.....	200	-	-
	£2114	5	10		£2114	5	10

79. GOODWILL. Perseverance and industry are usually successful, and a commercial or professional man who has worked steadily through the weary period of probation finds, sooner or later, that his goods or services are in fairly constant demand. This is seldom due, however, to the number of his promiscuous customers or clients, but rather to the fact that certain persons go to him regularly. These regular customers have confidence in the man, and *goodwill* towards him; and they constitute what has been well called his **connection,** commercial or professional, thus affording him the security of a fairly constant income. The labour and expense by which he has acquired a reputation and gained the good feeling of these persons, would, in the event of his leaving the neighbourhood, be completely lost to him, were it not that experience has shown that in many cases, part of this goodwill may be transferred to another. There are generally to be found persons who are eager to acquire in this way, as it were, a **ready made business,** and who are willing to pay large sums of money for the opportunity of so doing. Goodwill has been defined as (1) "Nothing more than the chance that the old customers will resort to the old place." (2) "That connection in a trade which induces customers to deal with the persons who carry on the business." (3) "The benefits and advantages accruing from the habitual customers of a successful business." (4)

"The advantage or benefit which is acquired by an establishment beyond the mere value of the capital employed therein, in consequence of the general public patronage and encouragement which it receives from constant or habitual customers on account of its local position, or common celebrity, or reputation for skill or affluence or punctuality, or from other accidental circumstances or necessities, or even from partialities or prejudices."

While Goodwill has a cash value when a business is being sold or a partner admitted, it is not generally available for the discharge of ordinary liabilities, and being therefore of such an uncertain and a precarious character, Goodwill should generally be *written off* or depreciated by annual instalments until it is extinguished.

The **price** paid for Goodwill is generally based on the *average net profits*. For instance, a business which has produced an average annual net profit of £100 might be bought at the price of *two years' purchase* viz. : £200. The price varies from one year's purchase to five, and from the few pounds paid for the Goodwill of a small retail shop to the millions obtained on the flotation of a large limited Company.

In purchasing a business the amount *un*expended by the purchaser is called **Working Capital.** In Ex. 25 Pupil Bros. commence business with £2,000, and they purchase from Exley his business for £1,500, thus leaving them £500 with which to *work* the business. In Ex. 25 journalise the purchase of the business thus :

July 1.	*Goodwill A/c.*	*Dr.*	£200	-	-
	Timber A/c.	,,	950	-	-
	Benjamin Dean	,,	21	10	3
	Howe & Co.	,,	111	15	2
	Clifford Pears	,,	24	6	7
	George Peel	,,	93	-	-
	Samuel Giles	,,	49	8	-
	Oliver Helm	,,	50	-	-
	To John Exley				£1500

Exercise 25.

Albert and Leo Pupil commenced business on the first July, 1907, as Timber Merchants, under the style or firm of Pupil Bros., each with cash £1000. (See par. 77.) (Practical see page 112.)

On the same day they purchased for £1500 in cash the business of John Exley, including the Goodwill, for £200; Stock of Timber for £950, and Book Debts as follows:—Benjn. Dean, £21 10 3; Howe & Co., £111 15 2; Clifford Pears, £24 6 7; George Peel, £93; Samuel Giles, £49 8; Oliver Helm, £50. (See par. 79.)

Do not forget to record the payment to Exley of £1500 *in cash.*

		£	s.	d.
July 2.	Opened Bank A/c. and deposited	450	-	-
,, 3.	*Sent Timber to Clifford Pears	39	10	-
,, 3.	* Do. Samuel Giles	15	6	9
	(*Use the name Timber A/c. in this Ex. instead of Goods.*)			
,, 4.	Advanced to Petty Cash (76)	10	-	-
,, 4.	Rec. cheque from C. Pears £23, Dis. £1 6 7...	24	6	7
,, 5.	Bought Timber from Tree & Co.	168	10	-
,, 5.	Paid Carriage thereon by cheque (75)	10	7	6
,, 5.	Sold Timber for Cash	26	4	3
,, 5.	Paid into Bank	50	-	-
,, 8.	Sold Timber for cheque	78	10	-
,, 9.	Remitted Tree & Co., cheque £160, Dis. £8 10	168	10	-
,, 11.	Bought of Tree & Co., Timber	146	-	-
,, 11.	*Sold Timber to Howe & Co.	173	10	-
,, 11.	* Do. Benjamin Dean	29	10	-
,, 11.	* Do. Oliver Helm	63	8	-
,, 12.	Paid Cheque into Bank (66*d*)	78	10	-
,, 12.	Paid Cash for Carriage of Timber (75)	9	17	6
,, 13.	Paid Borough Rate in Cash (Trade Exs.)	10	9	-
,, 14.	Drew Cheque for Cash (66*c*)	20	-	-
,, 15.	Rec. cheq. from Howe & Co. £106, Dis. allowed	5	15	2
,, 16.	*Albert Pupil drew cheque for private use (78)	10	-	-
,, 16.	*Leo Pupil do. do.	10	-	-
,, 16.	Drew cheque for Wages (80)	8	-	-
,, 17.	Endorsed cheque received from Howe & Co. and sent to Tree & Co., on a/c. (66*b*)	106		-
,, 19.	George Peel failed and paid into our Banking A/c. a composition of 6/8 in the £ on £93 (74)	31	-	-
,, 23.	Recd. cheques (paid into Bank next day)	183	-	-
	From *Benjamin Dean on a/c.	30	-	-
	*Samuel Giles on a/c.	45	-	-
	*Oliver Helm, £108, Dis. £5 8 -	113	8	-
	(*Bank* Dr. £183, *Dis. Dr.* £5 8 -)			
,, 26.	*Sold Timber to Clifford Pears	43	10	-
,, 26.	* Do. Samuel Giles	37	16	-
,, 30.	Albert and Leo Pupil each drew a cheque for £10 for private use (78)	20	-	-
,, 30.	Drew cheque for wages (80)	8	-	-
,, 31.	Bank Interest credited (72)	2	1	1
,, 31.	Credit Int. on Cap. in each case (71) £4 3 4...	8	6	8
,, 31.	Paid Sundry Trade Exs. out of Petty Cash...	7	16	6
	Value of Timber in Yard, £990. (*Bal. of Office Cash,* £38 17s. 9d.; *Bank,* £548 3s. 7d.).			

80. A separate **Wages A/c.** must be opened for Ex. 25. This a/c. is, of course, subsidiary to the P. & L. A/c., and on balancing the books the *total* of the Wages A/c. must be transferred to the Dr. side of the P. & L. A/c., and entered :—*To Wages A/c.*, £16.

Dr. **Wages A/c.** (Ex. 25). **Cr.**

1907		£	s.	d.	1907		£	s.	d.
July 16	To Bank ..	8	-	-	July 31	*By Transfer to P. & L. A/c.*	16	-	-
,, 30	,, Do. ..	8	-	-					
		£16	-	-			£16	-	-

81. PROPERTY or **ASSET A/CS.** are those which record all your transactions in every description of property, such as goods, mines, buildings, fixtures, furniture, machinery and plant, implements and tools, horses and carts, cattle, ships, stocks and shares, debentures, mortgages, bills of exchange, goodwill, patents, copyright. Like a Goods or Purchases A/c., on purchasing any kind of property you open an a/c. in respect thereof, and **debit** it with the cost. And on the contrary, when value goes out on the occasion of a sale or a loss, **credit** the a/c. affected thereby. Should any portion of property remain *unsold* at the time of **balancing,** the value thereof would represent an **asset,** and would require including in the Balance Sheet. After insertion of *value on hand* (if any) on the Cr. side, any *difference* between the two sides of the a/c. would represent either a loss or a gain, and would accordingly need transferring to P. & L. A/c.

Rent, Interest, Dividends, also any other form of **income** or **revenue** arising from any description of property must be *credited* to the proper subsidiary P. & L. A/c., and *not* to the Property or Asset A/c.

The amount paid for ordinary **Repairs, Painting,** and other **Expenses** of either fixed or movable property, being necessary for the *maintenance of its value,* are charges against income, and must be *debited* to the proper subsidiary P. & L. A/c. and *not* to the Property A/c.

The cost of permanent **improvements** and **addition,** however which materially *increase the original value*

of the property, such as the erection of an additional wing to a building, a new roof, the paving of a street, the sinking of a new shaft, a new engine or boiler, a new body for a cart, new office furniture, &c., must be debited to the Property A/c. concerned. Nearly all forms of property, even when kept in good repair, are however, subject to—

82. DEPRECIATION, which is a periodical deduction in respect of the **diminished value** of any form of property caused by wear and tear and antiquity. It will be quite clear to you that buildings, fixtures, machinery, tools, utensils, carts, &c., must waste away and become obsolete, therefore it is only right that their value should be shown to have been reduced by an ample deduction or **writing off** from their previous value. There are various methods of estimating Depreciation, and of recording alterations in value, but it may be said in regard to any of them that the object in view is so to treat the **nominal** capital in the books, that it shall always represent as nearly as possible the **real** value. The best plan is to establish *average rates* which can, without much trouble, be *written off* every year. Thus, if you contracted for the laying down of an engine, and a boiler at a cost of £500, and *depreciated* the same at the rate of 7½% annually for 10 years, on the *diminishing value,* or balance of the asset, the result would be that, at the end of ten years, the value would appear in your Ledger at £229. The account below shows the amounts credited in respect of depreciation for the first five years.

Dr. Engine & Boiler A/c. Cr.

1921		£	s.	d.	1921		£	s.	d.		£	s.	d.
Jan. 1	To Cost	500	-	-	Dec. 31	By Depreciation	37	10	-	By Bal.	462	10	-
1922					1922								
Jan. 1	,, Bal.	462	10	-	Dec. 31	,, Do.	34	13	9	,, Do.	427	16	3
1923					1923								
Jan. 1	,, Do.	427	16	3	Dec. 31	,, Do.	32	1	9	,, Do.	395	14	6
1924					1924								
Jan. 1	,, Do.	395	14	6	Dec. 31	,, Do.	29	13	7	,, Do.	366	-	11
1925					1925								
Jan 1	,, Do.	366	-	11	Dec. 31	,, Do.	27	9	-	,, Do.	338	11	11
1926													
Jan. 1	,, Do.	338	11	11									

Journalise **Depreciation** thus :—

April 30. *Depreciation A/c.* Dr. £6
To Office Furniture, etc. £6.

On **balancing** the books the *total* of the *Depreciation A/c.* should be carried to the **Dr.** side of the P. & L. A/c. and entered : *To Depreciation A/c.*

Dr. **Depreciation A/c.** **Cr.**

1921		£	s.	d.	1921		£	s.	d.
Dec. 31	To Engine & Boiler, 7½%	37	10	-	Dec. 31	*By Transfer to P. & L. A/c.*	115	-	-
,, ,,	,, Machinery, 10%	50	-	-					
,, ,,	,, Office Furniture, 7½%	7	10	-					
,, ,,	,, Horses & Carts, 10%	20	-	-					
		£ 115	-	-			£ 115	-	-

Dr. **Machinery A/c.** **Cr.**

1921		£	s.	d.	1921		£	s.	d.
Jan. 1	To Balance	500	-	-	Dec. 31	By Depreciation ...	50	-	-
					,, ,,	,, *Balance* c/d	450	-	-
		£ 500	-	-			£ 500	-	-
1922									
Jan. 1	To Balance .....b/d	450	-	-					

The following are some approximate **Rates** of Depreciation on diminishing values :—

Freehold Dwellinghouses, Warehouses, Factories, and Offices, excluding value of land	1½% to 2½%
Factories subject to rough usage	2½% to 5%
Wood and Iron Buildings	5% to 10%
Fixed Plant	5% to 7½%
Stationary Engines and Boilers	7½% to 10%
Portable Engines and Boilers	10% to 15%
Contractors' Locomotives	15% to 20%
Machinery	5% to 10%
Furniture and Fixtures	7½% to 10%
Horses	15% to 25%
Ships	5% to 6%
Trucks and Waggons	7½% to 10%

83. A/CS. OF STOCKS AND SHARES must be kept in the same manner as a Goods A/c., purchases being debited and sales credited. In balancing the a/c. the value of those on hand (which should be the *average market price*) is placed on the credit side like "Value of Goods unsold," and the *difference* between the two sides is carried to the P. & L. A/c. Of course, the balance of stocks or shares unsold is an asset.

The Capital and Revenue A/cs. of an investment are frequently kept together as follows :—

Dr. **Leeds Corporation.** **Cr.**

		Interest. £	s.	d.	Principal. £			Interest. £	s.	d.	Principal. £
1923 Jan. 1	To 2½% Stock				500	1923					
June 30	„ ½ Year's Div. ... £6 5 - Less Income Tax - 7 4	5	17	8		July 2	By Cash	5	17	8	
Dec. 31	„ ½ Year's Div. ... £6 5 - Less Income Tax - 7 4	5	17	8		Dec. 31	„ „	5	17	8	

84. SHIP A/C. This a/c. is treated in the same way as other property a/cs. An adequate allowance for depreciation, dependent upon whether it is a Liner, a " Tramp " Steamship, or a Sailing Vessel, should be credited. Repairs to the Ship would be debited to the P. & L. A/c., but substantial improvements, such as new boilers, engine, propellor, deck, rigging, &c., would increase the value of the ship, and therefore be debited to the Ship A/c.

Dr. **The S.S. " Empress."** **Cr.**

		£	s.	d.			£	s.	d.
1924					1924				
Jan. 1	To Balance b/d.....	62000	-	-	Dec. 31	By Depreciation 5%	3109	15	-
May 2	„ New Propeller	110	-	-	„ „	„ *Balance c/d*	59085	5	-
Sept. 5	„ Cable & Anchor	85	-	-					
	£	62195	-	-		£	62195	-	-
1925									
Jan. 1	To Balance .....b/d	59085	5	-					

A separate a/c. would require to be opened for each ship or steamer, as well as for each voyage. The **Voyage A/c.** must be credited with all charges for freight and passengers, and debited with all costs and expenses incurred in connection with the voyage such as fuel, oil, repairs, painting, insurance, loading, dock dues, wages of the crew, &c. You must balance the **Voyage** or **Working A/c.** on completion of the voyage and take the difference to the general P. & L. A/c.

PRACTICAL BOOK-KEEPING.

85. You cannot have failed to notice in working the preceding exercises, that the majority of the transactions consist of :—

(1) The receipt and payment of Cash.

(2) The buying and selling of Goods.

While you cannot bestow too much care in obtaining a thorough grasp of the principles of journalising, it is found inconvenient in actual business to journalise every transaction (as in the *Continental System*) and therefore other Journals are brought into use, which although greatly diminishing the labour entailed in mere journalising, do not interfere with, or in any degree sacrifice, the principle of double entry. By the employment of these subsidiary books, or *Books of Original Entry,* transactions of a similar nature are *collected* together, hence the number of original entries and Ledger postings is materially reduced; and thus we get what is known as the **English System** of Book-keeping.

Some of the **Books of Account** required in practical work are :—

1. Cash Book, for entering Cash received and paid, whether Office or Bank; also for Discounts.

2. Purchases Journal or **Bought Book,** for entering Goods bought on credit; also purchases for **cash,** where creditor's name is given.

3. Sales Journal or **Sold Book,** for entering Goods sold on credit, also *sales for cash*, where debtor's name is given, and particularly sales to regular customers.

4. Journal Proper, for transactions which cannot be entered in any of the above books; also for adjustments and transfers from one book or a/c. to another.

5. Ledger, for abstracting or classifying the contents of the above and other subsidiary books.

In order to be able to work **Exercise 26,** which is specially designed for illustrating the practical method it will be necessary to read carefully paragraphs 86, 87, 97, 100, 102 only. **All** the **exercises** should now be **worked practically.**

CASH BOOK.

86. Although in none of the foregoing exercises have the transactions in cash exceeded sixteen, they are, however, so much more numerous in real business that it has been found necessary to record them in a book set apart for that purpose.

With one exception the method of entering the Cash Account Book is the same as that employed in entering the Cash A/c. of the Ledger. The exception being that, instead of *posting* the Cash A/c. *from* the Journal, as you have hitherto done, you will now enter the *cash* transactions **direct** into the **Cash A/c. Book,** which therefore becomes a *Book of Original Entry.* You will therefore see that this book is *not* a subsidiary book but part of the principal book, and that is neither more nor less than a **volume** of the **Ledger** bound up separately for the sake of convenience. The **Dr.** and **Cr. pages** of the Cash Book must always *face each other.*

87. As **Cashier,** you will enter on the left-hand or **Dr.** side all your receipts of Cash, giving the date; the name of the firm **To** whom you are indebted for what you have received; and the amount. While on the right-hand or **Cr.** side you will enter all your payments of cash, giving the date; the name of the firm **By** whom you are credited for what you have paid; and the amount. The Cr. side is sometimes called *Contra,* which is a Latin word meaning, opposite, against, on the other side. As you cannot pay away more *office cash* than you receive, the credit side can never exceed the debtor. In business, while it is not usual to **balance** the Cash Book in ink oftener than once a month, it is well to check the balance each day. This is done by placing the totals on a slip of paper, finding the difference and comparing it with the cash in hand.

A **Reconciliation Statement** should be prepared showing the detailed contents of the Cash Box, the total of

which should represent, exactly, the difference between the two sides of the Cash Book, thus :—

Dr. side of Cash Book	£1215 17 -
Cr. side of Cash Book	883 9 6
Balance of Cash	£332 7 6

In Cash Box :—

Cheques	£215 - -	
Notes	98 10 -	
Silver	10 16 6	
P.O.	7 19 6	
Copper	- 1 6	£332 7 6

88 Posting the Cash Book. In order to comply with the principle of double entry every item debited to cash must be credited to some other a/c. in the Ledger ; and every item credited to cash must be debited to some other a/c. in the Ledger ; therefore, the items on the **Debit** side of the Cash Book must be *posted* to their respective accounts on the opposite or **Credit side** of the **Ledger,** thus :—

Date, By Cash, Fol., Amount;

and the items on the **Credit** side of the Cash Book must be *posted* to their a/cs. on the opposite or **Debit side** of the **Ledger,** thus :—

Date, To Cash, Fol., Amount.

SINGLE COLUMN CASH BOOK for Exercise 26.

Dr. *CASH.* *CONTRA.* **Cr.**

1907	Receipts.	L. F. Cr.	£	s.	d.	1907	Payments.	L. F. Dr.	£	s.	d.
Aug. 1	To Capital ...		1000	-	-	Aug. 8	By Goods		46	15	-
,, 10	,, Goods.....		81	1	-	,, 11	,, Wages		11	1	-
,, 13	,, EzraJones		8	14	-	,, 13	,, James Cecil.....		78	4	-
,, 14	,, EdwinFox		4	16	-	,, 15	,, Goods		57	5	-
,, 17	,, Goods.....		43	1	-	,, 16	,, Alfred Scott ...		79	16	-
,, 18	,, EzraJones		20	-	-	,, 17	,, James Cecil.....		150	-	-
,, 22	,, Goods.....		45	11	6	,, 21	,, Goods		65	15	-
,, 29	,, EdwinFox		9	-	-	,, 23	,, Alfred Scott ...		27	4	-
,, 30	,, Goods.....		53	13	6	,, 25	,, Wages		9	1	-
						,, 26	,, James Cecil ...		233	14	-
						,, 28	,, Goods		67	1	6
						,, 30	,, Rent		50	-	-
						,, 30	,, Trade Expenses		7	13	-
						,, 30	,, *Balance*	c/d	332	7	6
		£	1215	17	-			£	1215	17	-
Sept. 1	To Balance ...	b/d	332	7	6						

89. BANK COLUMNS. As the majority of traders have banking a/cs. and pay most of their creditors by cheques, payable "on demand," it is found economical and convenient to record the Bank transactions in the Cash Book. This is an excellent arrangement, particularly when you remember that what the banker does is simply to conduct some of your cash transactions, therefore it is only proper that the records of *all* cash transactions, whether conducted by yourself or your Banker, should be made in the same book, a **Double Column Cash Book.**

If you will substitute the word "Bank" for the word "Cash" in par. 86 you will find that it is applicable to Bank transactions. See Cash Book for Ex. 21, page 84.

90. All **payments by cheque** must be entered on the **Cr. side** of the Cash Book, in the **Bank Column,** because the bank pays the money on presentation of the cheque. If you draw a cheque for the purpose of obtaining Cash for the office as in Ex. 21, "March 20, Drew Cheque for Cash, £15," such a transaction will require *two* entries. In the first place it is a *payment by the Bank of* £15, therefore enter on the **Cr.** side in the **Bank** Column—*By Office*, £15; and in the second place the *Cash-box receives* £15; therefore enter on the **Dr.** side in the **Office** Cash Column—*To Bank*, £15.

Not only does a payment *by* the Bank to Office need entering twice in the Cash Book, but also a payment *to* the Bank by Office. "March 2. Paid into Bank, £390." This requires recording on the **Cr.** side in the **Office** column—*By Bank*, £390, and on the **Dr.** side in the **Bank** column—*To Office* £390. The reason why such transactions require entering twice is, of course, in order to carry out the principle of double entry, which in these particular transactions is *completed* in the Cash Book, no posting of these items being necessary.

The imaginary difficulty arising from making both entries in the Cash Book soon vanishes if you will but mentally journalise the transactions thus:—*Cash Dr. To Bank* £15 and *Bank Dr. To Cash* £390. By adopting this suggestion you perceive at once upon which side and in which column the entry must be made.

91. Cheques received by you will be placed in the *Cash-box*, and being **Cash** receipts must be entered in the **Dr. Office** column. If a *single* Cheque be paid into **Bank** the **same day** as received, then enter it in the **Bank** column only.

92. BALANCING BANK COLUMNS. The debit Bank column should be an exact copy of one side of the Bank Pass Book, and the credit Bank column should be an exact copy of the Cheque side of the Bank Pass Book. An unpresented or dishonoured cheque would, of course, cause a disagreement between the balance of the two books, as also would Bank Charges or Interest. In the case of the Bank debiting you with **Bank Charges** you must enter the amount in the **Cr.** Bank column of the Cash Book—*By Bank Charges.* On the Bank allowing or crediting you with **Interest,** the entry would be *To Interest* £3 5 – in the **Dr.** Bank Column.

93. Your Bank Pass Book should always either agree or be made to agree with your Cash Book. If the balances of the two books should disagree a **Reconciliation Statement** should then be made out as follows :—

Mar. 31.	"Pass Book" Balance		£277 6 -	
	Less cheques not presented :—			
,, 30.	A Day—Rent	£10 - -		
,, 30.	Leeds Gas Co.	8 7 -	18 7 -	
			258 19 -	
	Plus cheques paid in but not yet credited ...		(nil)	
	Agreeing with your Cash Book.....		£258 19 -	

94. POSTING Bank Columns. The posting of the items in the Bank Columns is similar to the posting of the items in the Office columns, except that you may enter *To* or *By Bank* instead of *Cash.*

As the Cash and Bank columns take the place of those a/cs. in the General Ledger, and are therefore complete a/cs. in themselves, the *equalising items* between Bank and Office do *not* need to be posted, but should be **ticked** or marked *Con.* (for *Contra.*) in the Led. Fol. column, so as to facilitate the posting of the remaining entries.

TWO COLUMN CASH BOOK for Exercise 21.

Dr. *CASH.* *CONTRA.* **Cr.**

Date of Receipt.	Ledger Accounts.	Led. Fol. Cr.	Cash Received. At Office. £	s.	d.	At Bank. £	s.	d.
1907	**Receipts.**							
Mar. 1	To *Balance*	b/f	401	19	2			
,, 2	,, *Office*	—				390	-	-
,, 9	,, Edwin Hart		28	-	-			
,, 13	,, Goods		5	-	-			
,, 16	,, Henry Hoole		5	14	-			
,, 17	,, *Office*	—				10	14	-
,, 20	,, *Bank*	—	15	-	-			
,, 28	,, Thomas Gee		45	-	-			
,, 31	,, Goods		90	6	8			
		£	590	19	10	400	14	-
April 1	To Balances	b/d	154	10	6	258	19	-

Date of Payment.	Ledger Accounts.	Led. Fol. Dr.	Payments made. In (Cash) Office. £	s.	d.	By (Cheque) Bank. £	s.	d.
1907	**Payments.**							
Mar. 2	By *Bank*	—	390	-	-			
,, 4	,, ChequeBook			8	4			
,, 6	,, Cassell & Co					39	12	-
,, 12	,, Goods.....		3	7	-			
,, 13	,, Wages		4	-	-			
,, 15	,, George Allen		28	-	-			
,, 17	,, *Bank*	—	10	14	-			
,, 18	,, Cassell & Co					45	-	-
,, ,,	,, Thomas Gee					15	-	-
,, 20	,, *Office*	—				15	-	-
,, 26	,, Field & Co.					8	16	-
,, 30	,, Rent					10	-	-
,, ,,	,, Gas					8	7	-
,, 31	,, *Balances*	c/d	154	10	6	258	19	-
			590	19	10	400	14	-

95. DISCOUNT COLUMNS. The receipt and payment of Cash is so frequently accompanied with the allowance of discount that it has been found advantageous to keep the Discount A/c. in that *section* of the Ledger known as the Cash Book, so that the allowance for **discount** may be entered at the *same time,* on the *same side* of the book, and on the *same line* as the cash entry, but in a **different column,** thus resulting in the **Three Column Cash Book** shown on the next page.

Each item of discount must be added to or **posted** along with its accompanying cash item to the proper Personal A/c. and entered thus :*To* or *By Cash,* and *To* or *By Discount.* See Page 64.

The **totals** of the Discount columns, as shown on page 86, must be carried to the Discount A/c. in the Ledger and balanced as shown below. In large concerns separate a/cs. are kept in the impersonal ledger for **Discounts Received** and **Discounts Allowed.**

Dr. **Discount A/c.** (Ex. 23). **Cr.**

1907		£	s.	1907		£
May 31	To Sundry Debtors per Cash Book	1	1	May 31	By Sundry Creditors per Cash Book	5
	,, *Transfer to P. & L. A/c.* ..	3	19			
		£ 5	-			£ 5

95a. When a composition or dividend of so much in the £ is received in discharge of a debt, *only* the amount *actually* received must be entered in the Cash Book, and the remainder, being a **Bad Debt,** must be recorded in the Journal thus :—

June 4. *Bad Debts A/c.* .....*Dr.* £35
To Charles Bond £35

96. In some business establishments another narrow column is ruled by the side of the date columns, the one on the **Dr.** side being used for inserting the **number** of the counterfoil of the **receipt** given for the money; and the one on the **Cr.** side being used for inserting the **number** of the **voucher** received in acknowledgment of the payment. Payments to the principals or partners should be initialled by them in the voucher column.

Three Column CASH BOOK for Exercise 23.

Dr. *CASH.* *CONTRA.* **Cr.**

Date.	Receipt No.	Ledger Accounts.	Led Fol. Cr.	Discount allowed to C'stomer £	s.	d.	Cash Received. At Office. £	s.	d.	At Bank paid in. £	s.	d.
1907		**Receipts.**										
May 1		To *Balance*	b/f				39	10	-	332	8	-
„ 5		„ Goods.....					37	7	6			
„ „		„ *Office*	—							70	-	-
„ 10	1	„ Arthur Carr.			16	-	80	-	-			
„ 11		„ *Bank*	—				10	-	-			
„ 12	2	„ Thos. Aller.								50	-	-
„ 15	3	„ Walter Fell.					40	-	-			
„ 20		„ Goods.....					35	12	6			
„ 29	4	„ Walter Fell.			5	-	8	-	-			
„ 30		„ *Office*	—							75	-	-
		„ Dis. A/c. Dr.		£1	1	-						
							£201	10	-	£527	8	-
June 1		To Balances ...	b/d				89	6	6	329	18	-

Date.	Voucher No.	Ledger Accounts.	Led Fol. Dr.	Discount allowed by Creditor £	s.	d.	Payments made. In (Cash) Office. £	s.	d.	By (Cheque) Bank drawn out £	s.	d.
1907		**Payments.**										
May 5		By *Bank*	—				70	-	-			
„ 11		„ *Office*	—							10	-	-
„ 12		„ Goods.....								67	10	-
„ 14		„ Stationery...					4	16	-			
„ 15	2	„ Penn & Co...		5	-	-				100	-	-
„ 30	3	„ Rent								20	-	-
„ „		„ *Bank*	—				75	-	-			
„ 31		„ Trade Expns					7	17	6			
„ „		„ Wages					4	10	-			
„ „		„ *Balances* ...	c/d				89	6	6	329	18	-
		„ Dis. A/c. Cr.		£5	-	-						
							£201	10	-	£527	8	-

PURCHASES DAY BOOK.

97. This Special Journal or *Book of Original Entry*, is sometimes called the **Bought Book**, or **Invoice Book**, from the fact that into it are *daily* copied (after having been checked and initialled) the invoices which you receive in respect of the **goods bought on credit,** as well as **for cash,** where the creditor's name is given. It must record the date of each purchase; the name of the seller; and the quantity, name, class, price, and cost of the goods. A second method is merely to copy the *date, name,* and *amount* (entirely omitting all the details), and after numbering the invoice, to place it on a **file** for future reference, which is an excellent method.

Trade Discount must be *deducted* in the first or details column, and only the net amount of the purchase carried into the second or total column.

It is found useful for purposes of reference to insert the **number** of the **invoice** in a special column ruled by the side of the Led. Fol. Col.

In some business houses, however, instead of using a Purchases Book or file, they prefer to use a **Guard Book.** This is a large Scrap Book made of cartridge paper and folioed, into which all the invoices received are folded, endorsed, and pasted. Money columns run down the right-hand side of each page, into which are extended the totals of the various invoices, thus :—

Folded Invoice endorsed and pasted in Guard Book.

2nd August, 1907 James Cecil	Led. Fol. Cr. 1	£78	4	-

98. POSTING. All the persons named in your Purchases Book being your **creditors,** you will therefore post the amounts to the **Credit side** of their personal a/cs. in the Ledger, and enter the *Date, By Goods, Fol., Amount.* As the **total** of the Purchases Book represents Goods coming **in** or purchases, it must be posted **monthly** to the **debit side** of the **Goods** or **Purchases A/c.** by entering the *Date, To Sundries, P.B., Fol., Amount.*

PURCHASES BOOK for Exercise 26.

Date.	Particulars.	Led. Fol. Cr.	Details. £	s.	d.	Totals. £	s.	d.
1907								
Aug. 2	**James Cecil.**							
	720 yards Cotton @ 1/1		39	-	-			
	672 ,, Zanella @ 1/2		39	4	-	78	4	-
,, 4	**Alfred Scott.**							
	336 yards Satin @ 4/9					79	16	-
,, 9	**James Cecil.**							
	1000 yards Tapestry @ 3/-					150	-	-
,, 17	**James Cecil.**							
	1290 yards Shirting @ 2/6		161	5	-			
	138 ,, Cretonne @ 10/6		72	9	-	233	14	-
,, 19	**Alfred Scott.**							
	384 yards Diaper @ 1/5					27	4	-
,, 27	**Alfred Scott.**							
	168 yards Worsted @ 7/-		58	16	-			
	84 ,, Satin @ 10/-		42	-	-	100	16	-
	Goods or Purchases A/c. Dr.				£	669	14	-

99. You will observe that by entering all the credit purchases in a special book, as above, instead of journalising such transactions, a great saving of labour is effected. Had the above six transactions been journalised, six postings to the Goods A/c. in the Ledger would have been necessary, but the **total** only of a Purchases Book needs posting to the Goods or Trading A/c., as below :—

Dr. **GOODS OR TRADING A/c.,** Exercise 26. **Cr.**

1907	Purchases.		£	s.	d.	1907	Sales.		£	s.	d.
Aug. 8	To Cash		46	15	-	Aug. 10	By Cash		81	1	-
,, 15	,, Do.		57	5	-	,, 17	,, Do.		43	1	-
,, 21	,, Do.		65	15	-	,, 22	,, Do.		45	11	6
,, 28	,, Do.		67	1	6	,, 30	,, Do.		58	13	6
,, 31	,, Sundries P.B.		669	14	-	,, 31	,, Sundries S.B.		56	-	-
,, ,,	,, *Gross Profit*...		104	6	6	,, ,,	,, *Bal. (stock)* ...	c/d	781	10	-
		£	1010	17	-			£	1010	17	-
Sept. 1	To Balance	b/d	781	10	-						

SALES DAY BOOK.

100. This Special Journal or *Book of Original Entry* is called the **Day Book,** because in it is *daily* recorded particulars of **goods sold on credit,** as well as for **cash,** where the debtor's name is given. It must specify the date of sale, the name and address of the buyer, and the quantity, name, class, price, and cost of the goods. Sometimes the method of delivery and any special terms agreed upon are also stated, thus :—*Per L.M. & S. Ry. ; Carr. pd. 2½% one month.* These particulars are obtained from the *Order Book,* into which they were entered on receipt of the order. While the rulings of the **Order Book** vary, of course, with the character of the business, the principal columns are :— (1) Date Received (2) Name and Address (3) Description of Goods ordered (4) Price (5) Date sent (6) Description of Goods sent (7) Sales Book Folio.

In some establishments each order is entered upon a separate **printed form,** and after execution these **sheets,** which really form part of the **Slip System** of Book-keeping, are bound into a file which constitutes the Sales Day Book as well as the Order Book, thus effecting a great economy.

The *combinations* permitted in *journalising*, as shown in par. 69, are not adopted in practical work, each transaction being entered separately.

When the details of a sale have been entered in the Sales Book and checked, the **invoice** should be made out therefrom and forwarded to the purchaser. It is customary in some offices to write invoices in copying ink and retain a copy in the press-copy **Invoice Book,** the number of the page being entered in the S.B. Other firms type their invoices, taking and filing carbon copies, as part of the **Slip System.**

101. POSTING. As all the persons named in the Sales Book are your **debtors,** you must therefore post the amounts to the **debit side** of their respective personal a/cs. in the Ledger, and enter the *Date, To Goods, Fol., Amount.*

Seeing that the Sales Book contains particulars of Goods going **Out** or sold, you will post the **total** thereof to the **Credit side** of the **Goods** or **Sales A/c.** by entering the *Date, By Sundries, S.B., Fol., Amount.*

SALES BOOK for Exercise 26.

Date.		Particulars.	Led. Fol. Dr.	Details. £	s.	d.	Totals. £	s.	d.
1907									
Aug.	3	**Ezra Jones.**							
		80 yards Zanella @ 1/6		6	-	-			
		36 ,, Cotton @ 1/6		2	14	-	8	14	-
,,	6	**Edwin Fox.**							
		48 yards Zanella @ 2/-					4	16	-
,,	12	**Ezra Jones.**							
		100 yards Tapestry @ 4/-					20	-	-
,,	13	**Edwin Fox.**							
		20 yards Tapestry @ 3/6		3	10	-			
		20 ,, Zanella @ 2/-		2	-	-	5	10	-
,,	20	**Edwin Fox.**							
		20 yards Tapestry @ 3/6					3	10	-
,,	29	**Ezra Jones.**							
		80 yards Cotton @ 1/6		6	-	-			
		20 ,, Worsted @ 7/6		7	10	-	13	10	-
		Goods or **Sales A/c...Cr.**					£56	-	-

PURCHASES BOOK and SALES BOOK.

102. The following remarks and suggestions are equally applicable to both these books, in which entries should be made relating only to the goods in which the trader *deals*. The *occasional* purchase or sale of any other asset, such as plant and machinery, fixtures, furniture, &c., should be passed through the Journal. (*See par. 103.*) **Cash purchases** or **sales** should always be passed through these books where the name of the buyer or seller is given, in addition to the receipt or payment of the cash being recorded in the Cash Book.

1. The pages are folioed and vertically divided into **five** sections, the **first** being for the Date, the

second for the Name of the Person and the Particulars of the transaction, the **third** section being for the Ledger Folio on posting, the **fourth** section being the inner money column for the **Details,** and the **fifth** section being the outer money column for **Totals.**

2. When a purchase or sale consists of **one item** only, the **amount** should be placed in the **outer** or extended **column.** When more than **one item,** the **separate sums** must be entered in the **first** or **detail** column, and the **total** only carried into the extended column, on the same line as the last item. **Trade discount** should always be deducted, the net amount only appearing in the outer column.

3. Each different **date** must be written in the date column, being followed by the name of the person, and beneath that the particulars of the goods.

4. The **name** of the **person** must be **boldly** written, commencing close to the left-hand margin line, while the particulars of the goods should commence a little to the right of that line. This produces a good style of work. Carefully study the examples given on pages 88, 90, 92, 93.

5. A **thin red line** should be ruled between each transaction, across the page from the left-hand margin line, through the inner money column, but no further. Such lines keep each transaction distinct, besides giving a finish to your work.

103. DEPARTMENTAL COLUMNS. Merchants who deal largely in a variety of goods require to know the result of their transactions in each article. It is therefore necessary for them to keep a number of *specific* Goods A/cs. Both the Purchases Book and the Sales Book can, with great advantage, be adapted to the classification of goods, either by dissecting and summarising the various items at given periods, or by the more preferable **Tabular** or **Columnar method** of ruling additional money columns and classifying the

items daily. (See pages 92 and 93.) A **Purchases** Book may be ruled with columns to accommodate *all* the purchases of the business, including materials used in manufacturing, such as Oil, Soap, Fuel, Dyewares, Sundries, also Plant & Machinery, &c. A **Tabular Ledger** may also be kept to correspond with the columns of the Purchases or Sales Books.

The two methods in a Sales Book would appear as on this and the next page :—

SALES BOOK summarised.

Date.	Particulars.	Led. Fol. Dr.	Details. £	s.	d.	Totals. £	s.	d.
1907								
Sept. 1	**Fred Long.**							
	5 Tons Manvers @ 12/-					3	-	-
„ 5	**George Kaye.**							
	10,000 Bricks @ 20/-		10	-	-			
	3 Tons Lime @ 21/-		3	3	-	13	3	-
„ 9	**Clay & Co.**							
	5,000 Bricks @ 21/-		5	5	-			
	2 Tons Nuts @ 9/-		-	18	-	6	3	-
„ 15	**Sykes Bros.**							
	50,000 Bricks @ 20/-		50	-	-			
	10 Tons Lime @ 21/-		10	10	-	60	10	-
„ 18	**Fred Long.**							
	4 Tons Engine @ 8/-		1	12	-			
	2 „ Manvers @ 12/-		1	4	-	2	16	-
„ 23	**Shaw & Sons.**							
	8 Tons Lime @ 21/-					8	8	-
„ 30	**Taylor & Fry.**							
	20,000 Bricks @ 20/-		20	-	-			
	20 Tons Engine @ 8/-		8	-	-			
	5 „ Lime @ 21/-		5	5	-	33	5	-
	Total.....					£127	5	-

SUMMARY:—**Bricks A/c.** .....**Cr.** £85 5 -
Coal A/c. .....**Cr.** 14 14 -
Lime A/c. .....**Cr.** 27 6 -

£127 5 -

TABULAR or Classified SALES BOOK.

Date.		Particulars.	Led. Fol. Dr.	Total Debit. £	s.	d.	Bricks. £	s.	d.	Coal. £	s.	d.	Lime. £	s.	d.
1907															
Sept.	1	**Fred Long.**													
		5 tons Manvers @ 12/-		3	-	-				3	-	-			
,,	5	**George Kaye.**													
		10,000 Bricks @ 20/-		10	-	-	10	-	-						
		3 tons Lime @ 21/-		3	3	-							3	3	-
,,	9	**Clay & Co.**													
		5,000 Bricks @ 21/-		5	5	-	5	5	-						
		2 tons Nuts @ 9/-		-	18	-				-	18	-			
,,	15	**Sykes Bros.**													
		50,000 Bricks @ 20/-		50	-	-	50	-	-						
		10 tons Lime @ 21/-		10	10	-							10	10	-
,,	18	**Fred Long.**													
		4 tons Engine @ 8/-		1	12	-									
		2 ,, Manvers @ 12/-		1	4	-				2	16	-			
,,	23	**Shaw & Son.**													
		8 tons Lime @ 21/-		8	8	-							8	8	-
,,	30	**Taylor & Fry.**													
		20,000 Bricks @ 20/-		20	-	-	20	-	-						
		20 tons Engine @ 8/-		8	-	-				8	-	-			
		5 ,, Lime @ 21/-		5	5	-							5	5	-
			£	127	5	-	85	5	-	14	14	-	27	6	-
							L.F. 20			L.F. 30			L.F. 40		

POSTING. The above form of a Purchases or Sales Book requires posting in precisely the same manner as directed in pars. 98 and 101. The **totals** of the above columns would be posted **monthly** to the **credit** side of the three separate accounts—Bricks, Coal, Lime, and the Ledger **folio** placed immediately underneath the totals, as shown above. Of course, **separate A/cs.** must be opened in the Ledger for each article dealt in, so that the profit or the loss may be found thereon; and after the insertion of the Stock on the Cr. side, the difference, *in each account*, being either a gross profit or a gross loss, must be transferred to the Trading or Profit & Loss A/c.

JOURNAL PROPER.

104. In practical work the Journal is only used for recording such transactions as do not come within the scope of the other books, such as Interest, Bad Debts, Depreciation, Reserves, Dishonoured Bills, Adjustments, the purchase or sale of plant, furniture, &c., and for recording opening and closing entries, although some business houses also prefer to journalise the totals of the subsidiary books.

The **total** of a Purchases Book would be journalised thus :—*Goods* or *Purchases A/c. Dr.* £570 5 –

To Sundries (Creditors) .....£570 5 –

and the **total** of a Sales Book thus :—

Sundries (Debtors) ..... *Dr.* £472 10 –

To Goods or *Sales A/c.* .....£472 10 –

Of course, " Sundries " does not need posting, as each separate item has been previously posted to its personal a/c. from the Bought or Sales Book.

105. OPENING or **STARTING ENTRIES** consist of those items which form the B/S. or Statement of Affairs at the commencement of a business or a given period thereof. In Ex. 24 it will be seen that the opening entries consist of twelve items, totalling to £2418 15 –, as shown in the example on the next page. Should the opening entries consist of Cash or Bank merely, then they would only require entering as **Capital** in the Cash Book, and *not* in the Journal at all.

106. CLOSING ENTRIES are those which are made on balancing the books and consist of :—

(a) The *differences* of the subsidiary Goods and P. & L. A/cs. which are *transferred* to the Trading A/c. or general P. & L. A/c.

(b) The *differences* of gains or losses of the various Property and Trading A/cs. which are *transferred* to the P. & L. A/c.

(c) The *net difference* of the P. & L. A/c. which is *transferred* to the Current or Capital A/cs.

(d) The *net difference* of a Current or Drawings A/c. which is *transferred* to the Capital A/c. affected.

Example of Opening, Intermediate and Closing Entries.

JOURNAL for Exercise 24. Page 68. (Practical).

1907		Led Fol.	Dr. £	Dr. s.	Dr. d.	Cr. £	Cr. s.	Cr. d.
June 1	Bank .....Dr.		1237	10	-			
	Cash ..... ,,		53	10	-			
	Goods ..... ,,		755	-	-			
	Alfred Wells ..... ,,		123	15	-			
	Stocks & Co. ..... ,,		79	-	-			
	Charles Bond ..... ,,		70	-	-			
	Henry Bell ..... ,,		100	-	-			
	To William Smith					135	-	-
	,, Walter Rudd					165	-	-
	,, Martin Kidd					209	-	-
	,, John Ball					59	15	-
	,, Capital A/c. (A. Pupil).....					1850	-	-
	(Total of Opening Entries).		£2418	15	-	£2418	15	-
,, 4	Bad Debts A/c. .....Dr.		35	-	-			
	To Charles Bond.....					35	-	-
,, 27	Bad Debts A/c. .....Dr.		60	-	-			
	To Stocks & Co.					60	-	-
,, 30	Carriage .....Dr.		23	4	5			
	To Midland Ry. Co.					23	4	5
,, ,,	Interest A/c. .....Dr.		7	14	-			
	To Capital A/c.....					7	14	-
	Total of Journal.....		£2544	13	5	£2544	13	5
	Closing Entries as follows:—							
,, ,,	P. & L. A/c.....Dr.		4	9	-			
	To Interest A/c.					4	9	-
,, ,,	P. & L. A/c.....Dr.		86	8	10			
	To Trade Expenses A/c.					86	8	10
,, ,,	P. & L. A/c.....Dr.		95	-	-			
	To Bad Debts A/c.					95	-	-
,, ,,	Goods A/c. .....Dr.		352	15	-			
	To P. & L. A/c.....					352	15	-
,, ,,	P. & L. A/c.....Dr.		41	14	5			
	To Carriage A/c.					41	14	5
,, ,,	Discount A/c.....Dr.		1	3	-			
	To P. & L. A/c.....					1	3	-
,, ,,	P. & L. A/c.....Dr.		126	5	9			
	To Capital A/c.....					126	5	9
			£3252	9	5	£3252	9	5

Practical Exercise 26.

From the following transactions compile a Purchases, Sales, and Cash Book, after having studied paragraphs 86, 87, 97, 100, 102.

1907.		£ s. d.	£ s. d.
Aug. 1.	Cash in hand		1000 -
,, 2.	Purchased from James Cecil :—		
	720 yds. Cotton @ 1/1	39 - -	
	672 ,, Zanella @ 1/2	39 4 -	78 4 -
,, 3.	Sold to Ezra Jones :—		
	80 yds. Zanella @ 1/6	6 - -	
	36 ,, Cotton @ 1/6	2 14 -	8 14 -
,, 4.	Received from Alf. Scott, 336 yds. Satin @ 4/9		79 16 -
,, 6.	Sent to Edwin Fox, 48 yds. Zanella @ 2/-		4 16 -
,, 8.	Paid Cash for Goods		46 15 -
,, 9.	Bought of Jas. Cecil, 1000 yds. Tapestry @ 3/-		150 - -
,, 10.	Received Cash for Goods sold		31 1 -
,, 11.	Paid Wages in Cash		11 1 -
,, 12.	Sent to Ezra Jones, 100 yds. Tapestry @ 4/-		20 - -
,, 13.	Paid James Cecil		78 4 -
,, 13.	Received from Ezra Jones		8 14 -
,, 13.	Sold to Edwin Fox :—		
	20 yds. Tapestry @ 3/6	£3 10 -	
	20 ,, Zanella @ 2/-	2 - -	5 10 -
,, 14.	Received from Edwin Fox		4 16 -
,, 15.	Bought for Cash, Goods		57 5 -
,, 16.	Paid Alfred Scott		79 16 -
,, 17.	Paid James Cecil		150 - -
,, 17.	Goods sold for Cash		43 1 -
,, 17.	Bought of James Cecil :—		
	1290 yds. Shirting @ 2/6	£161 5 -	
	138 ,, Cretonne @ 10/6	72 9 -	233 14 -
,, 18.	Ezra Jones paid me		20 - -
,, 19.	Purchased from Alf. Scott, 384 yds. Diaper @ 1/5		27 4 -
,, 20.	Sold Edwin Fox, 20 yds. Tapestry @ 3/6		3 10 -
,, 21.	Paid Cash for Goods		65 15 -
,, 22.	Cash Sales		45 11 6
,, 23.	Paid Alfred Scott		27 4 -
,, 25.	Paid Wages		9 1 -
,, 26.	Handed James Cecil, Cash		233 14 -
,, 27.	Bought of Alfred Scott :—		
	168 yds. Worsted @ 7/-	£58 16 -	
	84 ,, Satin @ 10/-	42 - -	100 16 -
,, 28.	Bought Goods for Cash		67 1 6
,, 29.	Sold to Ezra Jones :—		
	80 yds. Cotton @ 1/6	£6 - -	
	20 ,, Worsted @ 7/6	7 10 -	13 10 -
,, 29.	Received Cash from Edwin Fox		9 - -
,, 30.	Sold Goods for Cash		53 13 6
,, 30.	Paid Rent		50 - -
	Paid Trade Expenses (Sundries)		7 13 -
	Stock of Goods, £781 10 -		

107. After posting Exercise 26 in accordance with pars. 88, 98, 101, prepare a **Trial Balance,** in which do not forget to include the **totals** of **Cash Book,** minus the balance. When the Cash A/c. was in the ordinary Ledger you always included the totals in the T.B., and although this a/c. is now in a separate book the totals must still be included in the T.B., in which *all accounts,* wherever they may be kept, should appear. In preparing the B/S. don't forget to include the Cash in hand. The following shows both forms of a Trial Balance :—

(1) *Total postings* to the Ledger; not used in business.
(2) *Differences* of the postings; business method.

Trial Balance for Exercise 26.

Ledger A/cs.	(1) Totals.						(2) Balances.					
	Dr.			Cr.			Dr.			Cr.		
	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.
Cash	1215	17	-	883	9	6	332	7	6			
Capital				1000	-	-				1000	-	-
Goods	906	10	6	229	7	-	677	3	6			
Trade Expenses	77	15	-				77	15	-			
James Cecil	461	18	-	461	18	-						
Alfred Scott	107	-	-	207	16	-				100	16	-
Ezra Jones	42	4	-	28	14	-	13	10	-			
Edwin Fox	13	16	-	13	16	-						
Totals agree.	£2825	-	6	£2825	-	6	£1100	16	-	£1100	16	-

Dr. Profit & Loss A/c. for August, 1907. Cr.

1907		£	s.	d.	1907		£	s.	d.
Aug. 31	To Trade Exs. A/c	77	15	-	Aug. 31	By Gross Profit from Goods A/c.	104	6	6
,, 31	,, NET PROFIT ...	26	11	6					
	£	104	6	6		£	104	6	6

Ex. 26. Balance Sheet on 31st August, 1907.

Liabilities.	£	s.	d.	Assets.	£	s.	d.
Alfred Scott	100	16	-	Cash in hand	332	7	6
				Stock of Goods	781	10	-
CAPITAL	1026	11	6	Ezra Jones	13	10	-
£	1127	7	6	£	1127	7	6

108. RETURNS and **ALLOWANCES** have to be dealt with in almost every trade for a variety of reasons. **Errors** and **Omissions** occasionally arise in all business houses, and when these occur in connection with the packing of goods or making out of invoices, they must be remedied by one of two methods. The commonest mistakes consist of sending short quantities and overcharging either in price, calculation, or casting. Where the mistake is discovered within a day or two of the dispatch of the invoice, a letter of apology should be written, enclosing a **corrected invoice,** the original one being cancelled. Where, however, the mistake is not discovered until the records have passed through the books, it will be necessary to remedy the error by proper entries, and to send a **Credit Note** to the customer.

On the **examination** of **goods** by a customer he sometimes finds the whole or a portion of them to be **unsatisfactory,** the principal causes being : damages in manufacture; inferior to sample in quality, weight, colour, or composition; damage in transit through imperfect packing; too late for the market, etc.

Occasionally a trader being **out of stock** of the exact class of goods ordered, will venture to send those of the nearest quality in the hope that they may suit the purposes of his customer, who, of course, is entitled to return them.

109. Many businesses use crates, tins, boxes, barrels, packing cases, sacks, in which to dispatch goods. When these **empties** are charged for they are usually returnable by the customer.

On account of the cost of **carriage** incurred in returning defective or other goods, the seller often proposes that the buyer shall keep them at a **reduced price,** and if agreed, the seller forwards the buyer a **Credit Note** giving particulars of the **allowance** made.

110. Goods **sold** to a customer are entered in the Sales Book and the amount posted to the **debit** of his a/c., therefore when he **returns** any goods, or an

allowance is made in respect thereof, it is necessary that the customer should be **credited.**

When goods are sold an **Invoice,** setting forth full particulars as to the quantity, quality, and price of the goods, is sent to the purchaser. An Invoice is practically a **debiting** document, and the words **Debtor to** might well be substituted for the customary words **Bought of,** printed at the head of every invoice. It follows that when goods, so invoiced, are **returned,** or an **allowance** is made in respect of them, a document having the **opposite effect** of an Invoice should be made out. That document is known as a **Credit Note** and is a statement, usually made out in red ink, sent **by** the **seller** to his **customer,** the **debtor,** showing the particulars of an amount in respect of which he is being **credited.** A Credit Note is like an Invoice in form, the chief difference being that the words **Credited by** instead of **Bought of** appear at the head. Care must always be taken to deduct any **Trade Discount** that may be allowed. The following Invoice, Credit Note, and Ledger A/c. will serve to illustrate these common transactions :—

(INVOICE.)

Heeley,
Sheffield, 1st July, 1925.

Mr. Henry Wilson, Leeds.

Bought of THE UNION BRASS FOUNDRY CO., LTD.

	£ s. d.	£ s. d.
Brass Telescopic Floor Lamp, No. 63..	2 8 -	
Do. do. „ 64..	3 15 -	
Do. do. „ 65..	5 - -	
Brass Curb Suite, No. 522	7 10 -	
Do. do. „ 523	12 - -	
Brass Umbrella Stand, No. 750.....	1 - -	
Do do. „ 751.....	1 5 -	
Folding Fire Screen, No 602.....	8 10 -	
	£41 8 -	
Trade Discount 50%....	20 14 -	
		£20 14 -

(CREDIT NOTE.)

Heeley,
SHEFFIELD, 12th July, 1925.

Mr. Henry Wilson, Leeds.

Credited by THE UNION BRASS FOUNDRY CO., LTD.

	£ s. d.	£ s. d.
Brass Telescopic Floor Lamp, No. 63, returned, not having been ordered..	2 8 -	
Brass Curb Suite, No 523, charged at £12 instead of £10.....	2 - -	
	£4 8 -	
Trade discount 50% ..	2 4 -	
		£2 4 -

(SALES LEDGER.)

Dr.	Henry Wilson, Briggate, Leeds.					Cr.			
1925		£	s	d.	1925		£	s	d.
July 1	To Goods....	20	14	-	July 12	By Returns, &c.	2	4	-

111. Goods **sold** but **returned to you** by your customer, or in respect of which any allowance is agreed upon, are called **Sales Returns** or **Returns Inwards,** because value comes in.

Goods **bought** but **returned by you** to the seller, or in respect of which any abatement is agreed upon, are called **Purchases Returns** or **Returns Outwards,** because value goes out.

When Returns and Allowances are few in number, it is the practice in business to enter **Returns Inwards,** at the **end** of the **Sales Book,** and **Returns Outwards** at the **end** of the **Purchases Book.** When more numerous, separate books must be employed. The **ruling** of the Returns Books is precisely the same as that of the Purchases and Sales Books.

112. The **RETURNS INWARDS BOOK** contains particulars of Goods returned by the purchaser **to you,** also particulars of Overcharges or Allowances made by you to the purchaser. After the entry has been made and checked the **Credit Note** should be made out in *red ink* and forwarded to the customer. In a business with a columnar Sales Book, the Returns Book should be ruled to correspond.

Posting. As the transactions recorded in this Returns Book make the individuals named therein *creditors* for their respective amounts, therefore post the amounts to the **Cr. side** of their respective personal a/cs. in the Sales Ledger and enter the :—

Date, By Returns, Fol., Amount.

The **total** representing Goods returning **inwards** must be posted to the **Dr. side** of the **Goods** or **Sales** or **Returns Inwards A/c.** by entering :—

Date, To Returns, Fol., Amount.

On **balancing,** the total of the Returns Inwards A/c. must either be debited to the Trading A/c. or deducted from the Sales.

RETURNS INWARDS BOOK

of the Union Brass Foundry Co., Limited.

Date.	Particulars.	Led Fol. Cr.	Details. £	s.	d.	Totals. £	s.	d.
1925								
July 12	**Henry Wilson,** Leeds.							
	Brass Telescopic Floor Lamp No. 63, returned, not having been ordered		2	8	-			
	Brass Curb Suite, No. 523, charged at £12 instead of £10		2	-	-			
			4	8	-			
	Trade Discount, 50%		2	4	-			
						2	4	-
,, 24	**John Smith.**							
	Folding Fire Screen, damaged		7	-	-			
	Trade Discount, 50%		3	10	-			
						3	10	-
	Sales A/c. or Returns Inwards A/c... Dr.					£5	14	-

(GENERAL LEDGER.)

Dr.	Sales A/c. or Returns Inwards A/c.				Cr.
1925		£	s.	d.	
July 31	To Returns for July as per Returns I.B.	5	14	-	

113. The **RETURNS OUTWARDS BOOK** contains particulars of Goods returned **by you** to the seller or vendor; also particulars of allowances made by the vendor to you.

Posting. As the transactions recorded therein make the individuals named **debtors** to you for their respective amounts, you will therefore post the amounts to the **Dr. side** of their respective personal a/cs. in the Purchases Ledger and enter the :—

Date, To Returns, Fol., Amount.

Seeing that this Returns Book contains particulars of Goods which are being returned **Outwards,** you will therefore post the **total** thereof to the **Cr. side** of the **Goods** or **Purchases** or **Returns Outwards A/c.** by entering the : *Date, By Returns, Fol., Amount.*

On **balancing,** the total of the Returns Outwards A/c. must either be credited to the Trading A/c. or deducted from the Purchases.

RETURNS OUTWARDS BOOK

of Crowther & Jones, Woollen Manufacturers.

Date.	Particulars.	Led. Fol. Dr.	Details. £	s.	d.	Totals. £	s.	d.
1925								
May 4	**Sykes & Co.**							
	(2834) Black Serge, invoiced 29th April, 3 yards short @ 2/6			7	6			
	(3946) Blue Vicuna, invoiced 29th April. Defective finish. 56 yards @ 4/2.....		11	13	4			
			—	—	—	12	-	10
„ 16	**Beaumont Bros.**							
	(3701) Fancy Tweed, invoiced 12th May, wrong pattern, 58 yards @ 2/8					7	14	8
„ 27	**John Haigh.**							
	(5110) Black Worsted, invoiced 22nd May, overcharge of 2d. per yard on 48 yards						8	-
	Purchases A/c. or Returns Outwards A/c...Cr.					£20	3	6

(GENERAL LEDGER.)

Dr.	Purchases A/c. or Returns Outwards A/c.				Cr.
	1925		£	s.	d.
	May 31	By Returns for May as per Returns O.B.	20	3	6

114. Small Allowances are frequently left to be dealt with on settlement of account, in which case the amount allowed is generally entered in the **Discount column** of the **Cash Book,** instead of being passed through the Returns Books.

115. Undercharges may arise in entering the prices of goods on an Invoice, as well as in undercasting. Such mistakes, if discovered too late to be remedied by a **Corrected Invoice,** may be rectified by a **Debit Note,** which is a statement, in the form of an Invoice, sent to a customer, the **debtor,** showing particulars of an amount in respect of which you are debiting him. A Debit Note is really an **additional** or **supplementary Invoice,** therefore full particulars of the difference debited must be recorded in the **Sales Book,** and posted to the **debit** of the debtor in the Sales Ledger, in the usual manner.

(DEBIT NOTE.)

625 Cheapside,
LONDON, E.C.2., 20th June, 1925.

Messrs. Owen & Dew, Wakefield.

Dr. to Charles Mee & Co., Limited.

To Undercasting of Invoice, dated 13th June	£	10	-	-

(SALES LEDGER.)

Dr.	Owen & Dew, Wakefield.				Cr.
1925		£	s	d.	
June 13	To Goods.....	115	16	9	
„ 20	„ Debit Note ..	10	-	-	

Dr. CAPITAL or PROPRIETOR'S ACCOUNT. Cr.

	£	s.	d.		£	s.	d.
To Carriage.....	13	-	-	By Balance b/f.....	4009	1	3
„ Wages.....	20	-	-	„ Profit on Port..	342	3	9
„ Corn & Fodder..	7	10	6	„ Profit on Sherry	251	14	4
„ Rates	27	-	-	„ Interest	10	5	-
„ Insurance	4	5	-	„ Discount	39	2	5
„ Gas	4	5	-				
„ Painting.....	23	-	-				
„ Bad Debts.....	183	2	3				
„ Depreciation	95	7	-				
„ Drawings	150	-	-				
„ BALANCE c/d..	4124	17	-				
£	4652	6	9	£	4652	6	9
				By Balance b/d....	4124	17	-

118. In **business,** as well as in working the **practical method** of **modern Examination Papers,** the items in the above theoretical account would first appear in their separate accounts as shown below, followed by their transference to the Profit & Loss A/c. for ascertaining the Net Profit, which would be carried to the Cap. A/c.

Dr. Carriage Account. Cr.

1907		£	s.	d.	1907		£	s.	d.
Sep. 30	To Bank.....	13	-	-	Sep. 30	*By Transfer to P. & L. A/c.*	13	-	-

Dr. Wages Account. Cr.

1907		£	s.	d	1907		£	s.	d.
Sep. 4	To Cash.....	5	-	-	Sep.30	*By Transfer to Profit & Loss A/c.*	20	-	-
„ 11	„ Cash.....	5	-	-					
„ 18	„ Cash.....	5	-	-					
„ 25	„ Cash.....	5	-	-					
	£	20	-	-		£	20	-	-

Dr. Stable Expenses Account. Cr.

1907		£	s.	d.	1907		£	s.	d.
Sep. 25	To Cash (Corn & Fodder)	7	10	6	Sep. 30	*By Transfer to P. & L. A/c.*	7	10	6

Dr. **Rates & Taxes Account.** **Cr.**

1907		£	s.	d.	1907		£	s.	d.
Sep.29	To Cash.....	27	-	-	Sep.30	*By Transfer to P. & L. A/c.*	27	-	-

Dr. **Insurance Account.** **Cr.**

1907		£	s.	d.	1907			s.	d.
Sep 24	To Cash	4	5	-	Sep.30	*By Transfer to P. & L. A/c.*	4	5	-

Dr. **General Expenses Account.** **Cr.**

1907		£	s.	d.	1907		£	s.	d.
Sep.18	To Cash (Painting)	23	-	-	Sep.30	*By Transfer to Profit & Loss A/c.*	27	5	-
„ 18	„ Cash (Gas).	4	5	-					
	£	27	5	-		£	27	5	-

Dr. **Bad Debts Account.** **Cr.**

1907		£	s.	d.	1907		£	s.	d.
Sep.28	To Ernest Hooley..	183	2	3	Sep.30	*By Transfer to P. & L. A/c.*	183	2	3

Dr. **Interest Account.** **Cr.**

1907		£	s.	d.	1907		£	s.	d.
Sep.30	*To Transfer to P. & L. A/c.*	10	5	-	Sep.30	By Bank.....	10	5	-

Dr. **Discount Account.** **Cr.**

1907		£	s.	d.	1907		£	s.	d.
Sep.30	To Sundry Debtors as per Cash Book ..	25	13	7	Sep.30	By Sundry Creditors as per Cash Book	64	16	-
„ 30	„ *Transfer to P. & L. A/c.*	39	2	5					
	£	64	16	-		£	64	16	-

Dr. **Depreciation Account.** **Cr.**

1907		£	s.	d.	1907		£	s.	d.
Sep. 30	To Premises ..	40	-	-	Sep. 30	*By Transfer to Profit & Loss A/c.*	95	7	-
„ 30	„ Furniture..	17	2	-					
„ 30	„ Horses	38	5	-					
	£	95	7	-		£	95	7	-

Dr. **Profit & Loss Account** for the month of Sept., 1907. **Cr.**

	£	s.	d.		£	s	d.
To Carriage	13	-	-	By Gross Profit from Trading A/c. :—			
„ Wages.....	20	-	-	Port	342	3	9
„ Stable Expenses ..	7	10	6	Sherry	251	14	4
„ Rates and Taxes ..	27	-	-	„ Interest.....	10	5	-
„ Insurance	4	5	-	„ Discount	39	2	5
„ General Expenses..	27	5	-				
„ Bad Debts.....	183	2	3				
„ Depreciation	95	7	-				
„ NET PROFIT *transferred to Capital Account of Thomas Turner* ..	265	15	9				
£	643	5	6	£	643	5	6

Dr. **Proprietor's Drawings A/c.** **Cr.**

1907		£	s	d.	1907		£	s.	d.
Sep. 1	To Cash.....	100	-	-	Sep. 30	*By Transfer to Capital A/c.*	150	-	-
„ 21	„ Cash.....	50	-	-					
	£	150	-	-		£	150	-	-

Dr. **Capital Account of Thomas Turner.** **Cr.**

1907		£	s.	d.	1907		£	s	d.
Sep 30	To Drawings..	150	-	-	Sep. 1	By Balance b/f.	4009	1	3
„ 30	„ *Balance c/d.*	4124	17	-	„ 30	„ Net Profit for Sept.	265	15	9
	£	4274	17	-		£	4274	17	-
					Oct. 1	By Balance b/d.	4124	17	-

Practical Exercise 20. (Page 44.)

Purchases Book contains 4 entries. Total £34 16 -.
Sales Book contains 4 entries. Total £32 11 -.
Cash Book has 5 Dr. and 7 Cr. entries. Balance £401 19 2.
Journal contains the Opening Entries only, £568.
Post the Journal first. The Cash £283 13 8 in the Journal does *not* need posting as it is already in the Cash Book. The Capital £283 13 8 in the Cash Book does not need posting as it is included in the £543 in the Journal.

Trial Balance.	Totals Dr.	Totals Cr.	Balances. Dr.	Balances. Cr.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Cash A/c.	442 5 4	40 6 2	401 19 2	
Capital A/c.		543 - -		543 - -
Stock A/c.	250 6 4		250 6 4	
Purchases A/c.	55 18 -		55 18 -	
Sales A/c.		181 18 8		181 18 8
Trade Expenses A/c.	18 4 2		18 4 2	
Field & Co.		8 16 -		8 16 -
Cassell & Co.		14 12 -		14 12 -
George Allen		11 8 -		11 8 -
Henry Gill	7 18 -	7 18 -	- - -	
Thomas Gee	30 - -		30 - -	
Harry Frost	25 - -	25 - -	- - -	
Henry Hoole	4 13 -	1 6 -	3 7 -	
£	834 4 10	834 4 10	759 14 8	759 14 8

Practical Exercise 20a. (Page 46.)

Journal contains the Opening Entries only, £2855.
Purchases Book contains 2 entries. Total £603 5 -.
Sales Book contains 5 entries. Total £263 11 8.
Cash Book has 8 Dr. and 6 Cr. entries. Balance £444.

Trial Balance.	Totals. Dr.	Totals. Cr.	Balances. Dr.	Balances. Cr.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Cash A/c.	1019 5 -	575 5 -	444 - -	
Capital A/c.		2155 - -		2155 - -
Stock A/c.	2000 - -		2000 - -	
Purchases A/c.	603 5 -		603 5 -	
Sales A/c.		363 11 8		363 11 8
Wages A/c.	21 5 -		21 5 -	
Trade Expenses A/c.	4 - -		4 - -	
Soames & Co.	400 - -	769 8 -		369 8 -
Broughton & Co.	150 - -	533 17 -		383 17 -
Samuel Fletcher	200 10 -	100 - -	100 10 -	
James Ramshaw	150 11 8	109 5 -	41 6 8	
Edward Booth	35 - -		35 - -	
George Taylor	132 10 -	110 - -	22 10 -	
	4716 6 8	4716 6 8	3271 16 8	3271 16 8

Practical Exercise 20b. (Page 47.)

Journal contains the Opening Entries only, £468 19 7.
Purchases Book contains 4 entries. Total £88 2 3.
Sales Book contains 8 entries. Total £36 2 6.
Cash Book has 9 Dr. and 10 Cr. entries. Balance £191 5 7.

Trial Balance.	Totals. Dr.	Totals. Cr.	Balances. Dr.	Balances. Cr.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Cash A/c.	363 6 11	172 1 4	191 5 7	
Capital A/c.		300 - -		300 - -
Stock A/c.	238 4 3		238 4 3	
Purchases A/c.	104 6 6		104 6 6	
Sales A/c.		151 9 3		151 9 3
Trade Expenses A/c.	15 17 6		15 17 6	
Henry Stephens	38 19 2	74 1 2		35 2 -
Hayden & Co.	43 5 9	49 3 9		5 18 -
Millington & Co.	30 16 3	89 8 9		58 12 6
Charles Town	26 18 5	44 8 2		17 9 9
Seth Whiteley	17 12 3	12 19 1	4 13 2	
Edwin Wilson	20 4 8	14 2 8	6 2 -	
Norman Kaye	20 - 10	11 18 4	8 2 6	
Frederick Davey	4 13 6	4 13 6	- - -	
Walter Richardson	7 17 10	7 17 10	- - -	
£	932 3 10	932 3 10	568 11 6	568 11 6

Practical Exercise 21. (Page 61.)

Journal contains Opening Entries only, £610 6 2.
Purchases Book contains 5 entries. Total £113 2 -.
Sales Book contains 5 entries. Total £92 17 -.
Cash Book 2 columns. See pars. 89 to 94 and key on page 84.

Trial Balance.	Totals. Dr.	Totals. Cr.	Balances. Dr.	Balances. Cr.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Cash	590 19 10	436 9 4	154 10 6	
Bank	400 14 -	141 15 -	258 19 -	
Capital		575 10 2		575 10 2
Stock A/c.	175 - -		175 - -	
Purchases A/c.	116 9 -		116 9 -	
Sales A/c.		188 3 8		188 3 8
Trade Expenses	22 15 4		22 15 4	
Field & Co.	8 16 -	25 16 -		17 -
George Allen	28 - -	27 10 -	- 10 -	
Cassell & Co.	84 12 -	94 12 -		10 - -
Thomas Gee	45 - -	45 - -	- - -	
Henry Hoole	5 14 -	5 14 -	- - -	
George Grace	29 - -		29 - -	
Edwin Hart	61 10 -	28 - -	33 10 -	
£	1568 10 2	1568 10 2	790 13 10	790 13 10

Practical Exercise 22. (Page 62.)

The only Opening Entry being Cash *no* Journal is required.

Purchases Book contains 6 entries. Total £748 17 6.

Sales Book contains 3 entries. Total £143 10 8.

Cash Book has 9 Dr. and 10 Cr. entries.

Trial Balance.	Totals. Dr.	Totals. Cr.	Balances. Dr.	Balances. Cr.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Cash A/c.	2174 10 6	2407 10 -	67 - 6	
Bank A/c.	2320 - -	49 15 -	2270 5 -	
Capital A/c.		2000 - -		2000 - -
Purchases A/c.	761 7 6		761 7 6	
Sales A/c.		558 1 2		558 1 2
Trade Expenses A/c.	44 15 -		44 15 -	
Prince & Co.		190 - -		190 - -
Coop & Co.	40 - -	277 17 6		237 17 6
James Land		215 - -		215 - -
Dodd & Co.	54 - -	10 - -	44 - -	
George Webb	89 10 8	76 - -	13 10 8	
£	5784 3 8	5784 3 8	3200 18 8	3200 18 8

Practical Exercise 23. (Page 65.)

Journal for Opening Entries and last transaction in the Exercise.

Purchases Book contains one item only, £56 16 -.

Sales Book contains 4 items. Total £149 8 -.

Cash Book (3 columns). See pars. 95, 96 and key on page 86.

Post Journal first, except first 2 items, which are already in the Cash Book. The first Dr. line in the Cash Book, showing the balance brought forward does not need posting.

Trial Balance.	Totals. Dr.	Totals. Cr.	Balances. Dr.	Balances. Cr.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Cash A/c.	201 10 -	162 3 6	39 6 6	
Bank A/c.	527 8 -	197 10 -	329 18 -	
Capital A/c.		702 15 -		702 15 -
Stock A/c.	350 10 -		350 10 -	
Purchases A/c.	124 6 -		124 6 -	
Sales A/c.		223 8 -		223 8 -
Interest A/c.	2 15 -		2 15 -	
Discount A/c.	1 1 -	5 - -		3 19 -
Trade Expenses A/c.	37 3 6		37 3 6	
Penn & Co.	105 - -	114 14 -		9 14 -
Thomas Aller	81 2 -	50 - -	31 2 -	
Arthur Carr	55 11 -	30 16 -	24 15 -	
Walter Fell	48 5 -	48 5 -	- - -	
£	1534 11 6	1534 11 6	939 16 -	939 16 -

Practical Exercise 20b. (Page 47.)

Journal contains the Opening Entries only, £468 19 7.
Purchases Book contains 4 entries. Total £88 2 3.
Sales Book contains 8 entries. Total £36 2 6.
Cash Book has 9 Dr. and 10 Cr. entries. Balance £191 5 7.

Trial Balance.	Totals. Dr.	Totals. Cr.	Balances. Dr.	Balances. Cr.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Cash A/c.	363 6 11	172 1 4	191 5 7	
Capital A/c.		300 - -		300 - -
Stock A/c.	238 4 3		238 4 3	
Purchases A/c.	104 6 6		104 6 6	
Sales A/c.		151 9 3		151 9 3
Trade Expenses A/c.	15 17 6		15 17 6	
Henry Stephens	38 19 2	74 1 2		35 2 -
Hayden & Co.	43 5 9	49 3 9		5 18 -
Millington & Co.	30 16 3	89 8 9		58 12 6
Charles Town	26 18 5	44 8 2		17 9 9
Seth Whiteley	17 12 3	12 19 1	4 13 2	
Edwin Wilson	20 4 8	14 2 8	6 2 -	
Norman Kaye	20 - 10	11 18 4	8 2 6	
Frederick Davey	4 13 6	4 13 6	- - -	
Walter Richardson	7 17 10	7 17 10	- - -	
£	932 3 10	932 3 10	568 11 6	568 11 6

Practical Exercise 21. (Page 61.)

Journal contains Opening Entries only, £610 6 2.
Purchases Book contains 5 entries. Total £113 2 -.
Sales Book contains 5 entries. Total £92 17 -.
Cash Book 2 columns. See pars. 89 to 94 and key on page 84.

Trial Balance.	Totals. Dr.	Totals. Cr.	Balances. Dr.	Balances. Cr.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Cash	590 19 10	436 9 4	154 10 6	
Bank	400 14 -	141 15 -	258 19 -	
Capital		575 10 2		575 10 2
Stock A/c.	175 - -		175 - -	
Purchases A/c.	116 9 -		116 9 -	
Sales A/c.		188 3 8		188 3 8
Trade Expenses	22 15 4		22 15 4	
Field & Co.	8 16 -	25 16 -		17 -
George Allen	28 - -	27 10 -	- 10 -	
Cassell & Co.	84 12 -	94 12 -		10 - -
Thomas Gee	45 - -	45 - -	- - -	
Henry Hoole	5 14 -	5 14 -	- - -	
George Grace	29 - -		29 - -	
Edwin Hart	61 10 -	28 - -	33 10 -	
£	1568 10 2	1568 10 2	790 18 10	790 18 10

Practical Exercise 22. (Page 62.)

The only Opening Entry being Cash *no* Journal is required.
Purchases Book contains 6 entries. Total £748 17 6.
Sales Book contains 3 entries. Total £143 10 8.
Cash Book has 9 Dr. and 10 Cr. entries.

Trial Balance.	Totals. Dr.	Totals. Cr.	Balances. Dr.	Balances. Cr.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Cash A/c.	2474 10 6	2407 10 -	67 - 6	
Bank A/c.	2320 - -	49 15 -	2270 5 -	
Capital A/c.		2000 - -		2000 - -
Purchases A/c.	761 7 6		761 7 6	
Sales A/c.		558 1 2		558 1 2
Trade Expenses A/c.	44 15 -		44 15 -	
Prince & Co.		190 - -		190 - -
Coop & Co.	40 - -	277 17 6		237 17 6
James Land		215 - -		215 - -
Dodd & Co.	54 - -	10 - -	44 - -	
George Webb	89 10 8	76 - -	13 10 8	
£	5784 3 8	5784 3 8	3200 18 8	3200 18 8

Practical Exercise 23. (Page 65.)

Journal for Opening Entries and last transaction in the Exercise.
Purchases Book contains one item only, £56 16 -.
Sales Book contains 4 items. Total £149 8 -.
Cash Book (3 columns). See pars. 95, 96 and key on page 86.
Post Journal first, except first 2 items, which are already in the Cash Book. The first Dr. line in the Cash Book, showing the balance brought forward does not need posting.

Trial Balance.	Totals. Dr.	Totals. Cr.	Balances. Dr.	Balances. Cr.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Cash A/c.	201 10 -	162 3 6	39 6 6	
Bank A/c.	527 8 -	197 10 -	329 18 -	
Capital A/c.		702 15 -		702 15 -
Stock A/c.	350 10 -		350 10 -	
Purchases A/c.	124 6 -		124 6 -	
Sales A/c.		223 8 -		223 8 -
Interest A/c.	2 15 -		2 15 -	
Discount A/c.	1 1 -	5 - -		3 19 -
Trade Expenses A/c.	37 3 6		37 3 6	
Penn & Co.	105 - -	114 14 -		9 14 -
Thomas Aller	81 2 -	50 - -	31 2 -	
Arthur Carr	55 11 -	30 16 -	24 15 -	
Walter Fell	48 5 -	48 5 -	- - -	
£	1534 11 6	1534 11 6	939 16 -	939 16 -

Practical Exercise 24. (Page 68.)

Journal. See key page 95. Total £2544 13 5. This total does not include Petty Cash, for which a separate book is kept, (see page 68).
Purchases Book contains 2 entries. Total £570 5 -.
Sales Book contains 5 entries. Total £597 10 -.
Cash Book has 15 Dr. and 14 Cr. entries.
Petty Cash Book has one receipt and one payment.

Trial Balance.	Totals. Dr.	Totals. Cr.	Balances. Dr.	Balances. Cr.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Cash A/c.	1071 - -	645 11 -	425 9 -	
Bank A/c.	1893 15 -	930 2 -	963 13 -	
Petty Cash A/c.	5 - -	4 7 10	- 12 2	
Capital A/c.		1857 14 -		1857 14 -
Stock A/c.	755 - -		755 - -	
Purchases A/c.	890 5 -		890 5 -	
Sales A/c.		1008 - -		1008 - -
Carriage A/c.	41 14 5		41 14 5	
Bad Debts A/c.	95 - -		95 - -	
Interest A/c.	7 14 -	3 5 -	4 9 -	
Discount A/c.	3 15 -	4 18 -		1 3 -
Trade Expenses A/c.	86 8 10		86 8 10	
William Smith	100 - -	135 - -		35 - -
Walter Rudd	165 - -	165 - -		- - -
Martin Kidd	200 - -	759 - -		559 - -
John Ball	80 - -	80 - -		- - -
Midland Railway Co.		23 4 5		23 4 5
Alfred Wells	291 15 -	288 15 -	3 - -	
Stocks & Co.	340 - -	340 - -	- - -	
Charles Bond	70 - -	70 - -	- - -	
Henry Bell	178 10 -	50 - -	128 10 -	
Caleb Brett	90 - -		90 - -	
£	6364 17 3	6364 17 3	3484 1 5	3484 1 5

N.B.—The **theoretical** Trial Balance of Exercise 24, totals to £6079 17 3, on account of the items below :—

Alfred Wells ...	£166 15 -	£163 15 -
Stocks & Co. ...	180 - -	180 - -

Practical Exercise 25. (Page 73.)

Journal. No Opening Entries; but the items shown in par. 79 must appear, and 2 additional transactions. Total £1570 6 8.
Purchases Book contains 2 entries. Total £314 10 -.
Sales Book contains 7 entries. Total £402 10 9.
Cash Book has 16 Dr. and 18 Cr. entries.
Petty Cash Book has one receipt and one payment.
The £1500 paid for the business of J. Exley must be entered in the office column of the Cash Book, thus :—"*By John Exley*, £1500."

Ex. 25. Trial Balance.	Totals. Dr.			Totals. Cr.			Balances. Dr.			Balances. Cr.		
	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.
Cash A/c.	2436	14	3	2397	16	6	38	17	9			
Bank A/c.	794	11	1	246	7	6	548	3	7			
Petty Cash A/c.	10	-	-	7	16	6	2	3	6			
A. Pupil's Capital A/c.				1004	3	4				1004	3	4
A. Pupil's Drawings A/c.	20	-	-				20	-	-			
L. Pupil's Capital A/c.				1004	3	4				1004	3	4
L. Pupil's Drawings A/c.	20	-	-				20	-	-			
Stock A/c.	950	-	-				950	-	-			
Purchases A/c.	314	10	-				314	10	-			
Sales A/c.				507	5	-				507	5	-
Goodwill A/c.	200	-	-				200	-	-			
Carriage A/c.	20	5	-				20	5	-			
Bad Debts A/c.	62	-	-				62	-	-			
Wages A/c.	16	-	-				16	-	-			
Interest A/c.	8	6	8	2	1	1	6	5	7			
Discount A/c.	12	9	9	8	10	-	3	19	9			
Trade Expenses A/c.	18	5	6				18	5	6			
Tree & Co.	274	10	-	314	10	-				40	-	-
John Exley	1500	-	-	1500	-	-	-	-	-			
Benjamin Dean	51	-	3	30	-	-	21	-	3	-	-	-
Howe & Co.	285	5	2	111	15	2	173	10	-			
Clifford Pears	107	6	7	24	6	7	83	-	-			
George Peel	93	-	-	93	-	-	-	-	-			
Samuel Giles	102	10	9	45	-	-	57	10	9			
Oliver Helm	113	8	-	113	8	-	-	-	-			
£	7410	3	-	7410	3	-	2555	11	8	2555	11	8

119. PRACTICAL BOOK-KEEPING aims at recording all the monetary facts of a business so as to arrive at accurate results with the **least** possible amount of **labour.** In small businesses it is still customary to enter all the **details** of transactions in the Purchases, Sales, and Returns Books, but in larger and well-conducted concerns the entry of such details has long since been **abandoned.** In the case of **Purchases** all the invoices received are **filed** and numbered; the *date, name* of vendor, and total *net amount* only being entered in the **Purchases Book,** as shown on page 116.

Invoices in respect of **Sales** are either press-copied or **carbon-copied** on sheets of uniform size for filing; the *date, name* of purchaser, and total *net amount* only being entered in the **Sales Book.**

Credit Notes are similarly copied, numbered and filed; the *date, name* and *amount* only being entered in the **Returns Book.**

This method, which is known as the **Slip System,** is a great **time-saver,** reducing clerical labour to a minimum, without sacrificing any of the advantages of scientific Book-keeping. The following **Exercise,**

worked out in full, thoroughly **illustrates** this practical method.

Candidates for **Examinations** must, however, always comply with the **Instructions** on the **Examination Paper,** and *insert all details* in the various books, *unless* authorised to omit them.

Practical Exercise worked out in full.

Henry Mitchell and William Pollard started business in equal partnership on 1st July, 1914, with the following balances :— *Assets,* Cash in hand £41, at Bank £1204 3s. 6d. Freehold Premises £600. Furniture & Fittings £100. Stock of Goods £900. Debtors :—Charles Cook £164 9s. David Dawson £549 3s. 2d. *Liabilities,* Henry Haigh £708 3s. 5d. Walter White £250 12s. 3d. Capital, H. Mitchell £1300, W. Pollard £1300.

July 3.	Bought from H. Haigh, Goods	£235	-	-
,, 4.	Sold to Charles Cook, Goods	163	-	-
,, 7.	Bought Filing Cabinet for cheque	20	-	-
,, 9.	Paid Henry Haigh cheque £475, Discount...	25	-	-
,, 10.	Paid out of Office Cash for Stationery	5	3	6
,, 11.	Received from David Dawson cheque, and paid same direct to Bank £190, Discount...	10	-	-
,, 11.	Paid Wages out of Office Cash	26	-	-
,, 11.	W. Pollard withdrew for private use by cheque	10	-	-
,, 13.	Returned to Henry Haigh, Goods, being of inferior quality	8	8	-
,, 15.	Sold to David Dawson, Goods	185	10	-
,, 16.	Drew from Bank, Cash for Office	20	-	-
,, 18.	Paid for Advertising out of Office Cash	15	10	-
,, 20.	David Dawson returned to us, Goods not being equal to sample	3	-	-
,, 21.	Bought of Walter White, Goods	48	-	-
,, 22.	Sold to Charles Cook, Goods	49	3	-
,, 23.	Drew from Bank, Cash for Office	20		-
,, 24.	Received from Charles Cook, cheque, and paid same direct to Bank, £156 4s. 6d. Dis.	8	4	6
,, 25.	Paid Wages out of Office Cash	26	-	-
,, 25.	Returned to White, Goods of inferior quality	1	16	-
,, 25.	W. Pollard withdrew for private use by cheque	10	-	-
,, 27.	Paid Walter White by cheque £238, Dis....	12	12	3
,, 28.	Received from David Dawson cheque on account and paid direct into Bank	200	-	-
,, 28.	Received from Charles Cook, cheque on account, and paid direct into Bank	100	-	-
,, 29.	Returned to us by Charles Cook, Goods of inferior quality	1	-	-
,, 31.	Paid Carriage A/c. by cheque	16	8	3
,, 31.	Paid Sundry General Expenses out of Cash	3	6	8
,, 31.	Depreciation of Freehold Premises	2	10	-
,, 31.	Depreciation of Furniture and Fittings	1	-	-

Stock of Goods, £980.

JOURNAL.

1914		Dr. £	s.	d.	Cr. £	s.	d.
July 1	Cash in hand .....Dr.	41	-	-			
	Cash at Bank ..... ,,	1204	3	6			
	Freehold Premises ..... ,,	600	-	-			
	Furniture & Fittings ..... ,,	100	-	-			
	Stock of Goods ..... ,,	900	-	-			
	Charles Cook ..... ,,	164	9	-			
	David Dawson ..... ,,	549	3	2			
	To Henry Haigh				708	8	5
	,, Walter White				250	12	3
	,, H. Mitchell, Capital A/c. ..				1300	-	-
	,, W. Pollard, Capital A/c. ...				1300	-	-
	Total of Opening Entries	£3558	15	8	£3558	15	8
,, 31	Depreciation A/c. .....Dr.	3	10	-			
	To Freehold Premises				2	10	-
	,, Furniture & Fittings				1	-	-
		£3	10	-	£3	10	-
	Closing Entries as follows:—						
,, 31	Trading A/c. .....Dr.	900	-	-			
	To Stock A/c. for Stock on 1st July				900	-	-
,, 31	Trading A/c. .....Dr.	283	-	-			
	To Purchases A/c.				283	-	-
	for balance transferred						
,, 31	Returns Outwards A/c. ..... Dr.	10	4	-			
	To Trading A/c.				10	4	-
	for balance transferred						
,, 31	Sales A/c. ..... Dr.	397	13	-			
	To Trading A/c.				397	13	-
	for balance transferred						
,, 31	Trading A/c. .....Dr.	4	-	-			
	To Returns Inwards A/c.				4	-	-
	for balance transferred						
,, 31	Stock A/c. ..... Dr.	980	-	-			
	To Trading A/c.				980	-	-
	for Stock on 31st July						
,, 31	Trading A/c. .....Dr.	200	17	-			
	To Profit & Loss A/c.				200	17	-
	for Gross Profit transferred						
,, 31	Profit & Loss A/c. .....Dr.	95	18	5			
	To Carriage A/c.				16	8	3
	,, Wages A/c.				52	-	-
	,, Stationery A/c.				5	3	6
	,, Advertising A/c.				15	10	-
	,, General Expenses A/c.				3	6	8
	,, Depreciation A/c.				3	10	-
	for balances transferred						
,, 31	Discount A/c. .....Dr.	19	7	9			
	To Profit & Loss A/c.				19	7	9
	for balance transferred						
,, 31	Profit & Loss A/c. .....Dr	124	6	4			
	To H. Mitchell, Capital ...				62	3	2
	,, W. Pollard, Capital A/c.				62	3	2
	for Net Profit transferred						
,, 31	W. Pollard, Capital A/c. .....Dr.	20	-	-			
	To W. Pollard, Drawings A/c. ...				20	-	-
	for balance transferred						
	Total of Closing Entries.	£3035	6	6	£3035	6	6

Practical Records where the original **Invoices** of Purchases, and carbon copies of details of Sales, &c., are filed.

Purchases Book.

1914.		L.F. Cr.	£	s.	d.
July 3	Henry Haigh, less Trade dis.		235	-	-
,, 21	Walter White, less Trade dis.		48	-	-
	Purchases A/c.....Dr		£283	-	-

Returns Outwards Book.

1914.		L.F. Dr.	£	s.	d.
July 13	Henry Haigh, less Trade dis.		8	8	-
,, 25	Walter White, less Trade dis.		1	16	-
	Returns Outwards A/c .Cr.		£10	4	-

Sales Book.

1914.		L.F. Dr.	£	s.	d.
July 4	Charles Cook		163	-	-
,, 15	David Dawson		185	10	-
,, 22	Charles Cook		49	3	-
	Sales A/c. .....Cr.		£397	13	-

Returns Inwards Book.

1914.		L.F. Cr.	£	s.	d.
July 20	David Dawson		3	-	-
,, 29	Charles Cook		1	-	-
	Returns Inwards A/c...Dr		£4	-	-

Treble Column CASH BOOK.

Dr. *CASH.* *CONTRA.* **Cr.**

Date.	Receipts	L. F. Cr.	Discount allowed. £	s.	d.	Office Cash. £	s.	d.	Bank. £	s.	d.
1914											
July 1	To Balances b/f. ...					41	-	-	1204	8	6
,, 11	,, DavidDawson...		10	-	-				190	-	-
,, 16	,, Bank					20	-	-			
,, 23	,, Bank					20	-	-			
,, 24	,, Charles Cook ...		8	4	6				156	4	6
,, 28	,, DavidDawson...								200	-	-
,, 28	,, Charles Cook ...								100	-	-
	Discount A/c...Dr.		£ 18	4	6						
						£81	-	-	£1850	8	-
Aug 1.	To Balances b/d. ...					4	19	10	1040	19	9

Date.	Payments.	L. F. Dr.	Discount Received £	s.	d.	Office Cash. £	s.	d.	Bank. £	s.	d.
1914											
July 7	By Filing Cabinet.....								20	-	-
,, 9	,, Henry Haigh		25	-	-				475	-	-
,, 10	,, Stationery					5	3	6			
,, 11	,, Wages					26	-	-			
,, 11	,, W. Pollard, Drawings.....								10	-	-
									20	-	-
,, 16	,, Office										
,, 18	,, Advertising					15	10	-			
,, 23	,, Office								20	-	-
,, 25	,, Wages					26	-	-			
,, 25	,, W. Pollard. Drawings.....								10	-	-
,, 27	,, Walter White.....		12	12	3				238	-	-
,, 31	,, Carriage								16	8	3
,, 31	,, General Expenses					3	6	8			
,, 31	,, *Balances c/d.*					4	19	10	1040	19	9
	Discount A/c. ...Cr.		£37	12	3						
						£81	-	-	£1850	8	-

Dr. **Henry Mitchell, Capital A/c.** **Cr.**

1914		£	s.	d.	1914		£	s.	d.
July 31	*To Balance c/d*	1362	3	2	July 1	By Balance b/f.	1300	-	-
					,, 31	,, Half share of Net Profit	62	3	2
		£1362	3	2			£1362	3	2
					Aug. 1	By Balance b/d.	1362	3	2

Dr. **William Pollard, Capital A/c.** **Cr.**

1914		£	s.	d.	1914		£	s.	d.
July 31	To Drawings.....	20	-	-	July 1	By Balance b/f.....	1300	-	-
,, 31	,, *Balance c/d*.....	1342	3	2	,, 1	,, Half share of Net Profit	62	3	2
		£1362	3	2			£1362	3	2
					Aug. 1	By Balance b/d.	1342	3	2

Dr. **William Pollard, Drawings A/c.** **Cr.**

1914		£	s.	d.	1914		£	s.	d.
July 11	To Cash	10	-	-	July 31	*By Transfer to Capital A/c*....	20	-	-
,, 25	,, Cash	10	-	-					
		£ 20	-	-			£ 20	-	-

Dr. **Freehold Premises A/c.** **Cr.**

1914		£	s.	d.	1914		£	s.	d.
July 1	To Balance b/f.....	600	-	-	July 31	By Depreciation	2	10	-
					,, 31	,, *Balance c/d*	597	10	-
		£ 600	-	-			£ 600	-	-
Aug. 1	To Balance b/d.	597	10	-					

Dr. **Furniture & Fittings A/c.** **Cr.**

1914		£	s.	d.	1914		£	s.	d.
July 1	To Balance b/f.....	100	-	-	July 31	By Depreciation	1	-	-
,, 7	,, Filing Cabinet ...	20	-	-	,, 31	,, *Balance c/d*.....	119	-	-
		£ 120	-	-			£ 120	-	-
Aug. 1	To Balance b/d.	119	-	-					

Dr. **Stock A/c.** **Cr.**

1914		£	s.	d.	1914		£	s.	d
July 1	To Balance b/f.	900	-	-	July 31	*By Transfer to Trading A/c*, ...	900	-	-
Aug. 1	To Balance b/f	980	-	-					

Dr. **Purchases A/c.** **Cr.**

1914		£	s.	d.	1914		£	s.	d.
July 31	To Sundries as per Purchases Book	283	-	-	July 31	*By Transfer to Trading A/c...*	283	-	-

Dr. **Returns Outwards A/c.** **Cr.**

1914		£	s.	d.	1914		£	s.	d.
July 31	*To Transfer to Trading A/c.*	10	4	-	July 31	By Sundries as per Returns O.B.	10	4	-

Dr. **Sales A/c.** **Cr.**

1914		£	s.	d.	1914		£	s.	d.
July 31	*To Transfer to Trading A/c.*	397	13	-	July 31	By Sundries as per Sales Book	397	13	-

Dr. **Returns Inwards A/c.** **Cr.**

1914		£	s.	d.	1914		£	s.	d.
July 31	To Sundries as per Returns I.B.	4	-	-	July 31	*By Transfer to Trading A/c.*	4	-	-

Dr. **Carriage A/c.** **Cr.**

1914		£	s.	d.	1914		£	s.	d.
July 31	To Cash	16	8	3	July 31	*By Transfer to P. & L. A/c....*	16	8	3

Dr. **Wages A/c.** **Cr.**

1914		£	s.	d.	1914		£	s.	d.
July 11	To Cash	26	-	-	July 31	*By Transfer to P. & L. A/c....*	52	-	-
„ 25	„ Cash	26	-	-					
		£52	-	-			£52	-	-

Dr. **Stationery A/c.** **Cr.**

1914		£	s.	d.	1914		£	s.	d.
July 10	To Cash	5	8	6	July 31	*By Transfer to P. & L. A/c....*	5	8	6

Dr. **Advertising A/c.** **Cr.**

1914		£	s.	d.	1914		£	s.	d.
July 18	To Cash	15	10	-	July 31	*By Transfer to P. & L. A/c...*	15	10	-

Dr. **Discount A/c.** **Cr.**

1914		£	s.	d.	1914		£	s.	d.
July 31	To Sundries as per Cash Book	18	4	6	July 31	By Sundries as per Cash Book	37	12	3
,, 31	,, *Transfer to P. & L. A/c.* ...	19	7	9					
		£37	12	3			£37	12	3

Dr. **General Expenses A/c.** **Cr.**

1914		£	s.	d.	1914		£	s.	d.
July 31	To Cash	3	6	8	July 31	*By Transfer to P. & L. A/c*.....	3	6	8

Dr. **Depreciation A/c.** **Cr.**

1914		£	s.	d.	1914		£	s.	d.
July 31	To Premises.....	2	10	-	July 31	*By Transfer to P. & L. A/c*.....	3	10	-
,, 31	,, Furniture	1	-	-					
		£3	10	-			£3	10	-

Dr. **Charles Cook.** **Cr.**

1914		£	s.	d.	1914		£	s.	d.
July 1	To Balance b/f	164	9	-	July 24	By Cash	156	4	6
,, 14	,, Goods	163	-	-	,, 24	,, Discount.....	8	4	6
,, 22	,, Goods	49	3	-	,, 28	,, Cash.....	100	-	-
					,, 29	,, Returns	1	-	-
					,, 31	,, *Balance c/d*.....	111	3	-
	£	376	12	-		£	376	12	-
Aug. 1	To Balance b/d.	111	3	-					

Dr. **David Dawson.** **Cr.**

1914		£	s.	d.	1914		£	s.	d.
July 1	To Balance b/f.	549	3	2	July 11	By Cash.....	190	-	-
,, 15	,, Goods	185	10	-	,, 11	,, Discount.....	10	-	-
					,, 20	,, Returns	3	-	-
					,, 28	,, Cash.....	200	-	-
					,, 31	,, *Balance c/d*.....	331	13	2
	£	734	13	2		£	734	13	2
Aug. 1	To Balance b/d.	331	13	2					

Dr. **Henry Haigh.** **Cr.**

1914		£	s.	d.	1914		£	s.	d.
July 9	To Cash	475	-	-	July 1	By Balance b/f	708	3	5
,, 9	,, Discount	25	-	-	,, 8	,, Goods	235	-	-
,, 13	,, Returns	8	8	-					
,, 31	,, *Balance c/d*	434	15	5					
	£	943	3	5		£	943	3	5
					Aug 1	By Balance b/d	434	15	5

Dr. **Walter White.** **Cr.**

1914		£	s.	d.	1914		£	s.	d.
July 25	To Returns	1	16	-	July 1	By Balance b/f	250	12	3
,, 27	,, Cash	238	-	-	,, 21	,, Goods	48	-	-
,, 27	,, Discount	12	12	3					
,, 31	,, *Balance c/d*	46	4	-					
	£	298	12	3		£	298	12	3
					Aug 1	By Balance b/d	46	4	-

Trial Balance, 31st July, 1914. **Dr.** **Cr.**

	£	s.	d.	£	s.	d.
Cash	4	19	10			
Bank	1040	19	9			
Henry Mitchell, Capital A/c				1300	-	-
William Pollard, Capital A/c.				1300	-	-
William Pollard. Drawings A/c.	20	-	-			
Freehold Premises A/c.	597	10	-			
Furniture & Fittings A/c.	119	-	-			
Stock A/c.	900	-	-			
Purchases A/c.	283	-	-			
Returns Outwards A/c.				10	4	-
Sales A/c.				397	13	-
Returns Inwards A/c.	4	-	-			
Carriage A/c.	16	8	3			
Wages A/c.	52	-	-			
Stationery A/c.	5	3	6			
Advertising A/c.	15	10	-			
Discount A/c.				19	7	9
General Expenses A/c.	3	6	8			
Depreciation A/c.	3	10	-			
Charles Cook	111	3	-			
David Dawson	331	13	2			
Henry Haigh				434	15	5
Walter White				46	4	-
£	3508	4	9	£3508	4	9

Dr. Trading A/c. for the month of July, 1914. **Cr.**

1914		£	s.	d.	1914		£	s.	d.
July 1	To Stock.....	900	-	-	July 31	By Sales..... £397 13			
,, 31	,, Purchases £283 -					*Less* Returns 4 -	393	13	-
	Less Returns 10 4	272	16	-	,, 31	,, STOCK	980	-	-
,, 31	,, **Gross Profit** *carried to P. & L. A/c*...	200	17	-					
	£	1878	13	-		£	1878	13	-

Dr. Profit & Loss A/c. for the month of July, 1914. **Cr.**

	£	s.	d.		£	s.	d.
To Carriage	16	8	3	By Gross Profit from Trading A/c.	200	17	-
,, Wages.....	52	-	-	,, Discount.....	19	7	9
,, Stationery	5	3	6				
,, Advertising	15	10	-				
,, General Expenses	3	6	8				
,, Depreciation	3	10	-				
,, **Net Profit** *transferred to Capital A/cs. of :—*							
H. Mitchell... £62 3 2							
W. Pollard ... 62 3 2	124	6	4				
£	220	4	9	£	220	4	9

Balance Sheet of **Mitchell & Pollard,** on 31st July, 1914.

Liabilities.	£	s.	d.	**Assets.**	£	s.	d.
Sundry Creditors :—				Freehold Premises £600 - -			
Henry Haigh ... £434 15 5				*Less* Depreciation 2 10 -			
Walter White ... 46 4 -					597	10	-
	480	19	5	Furniture & Fittings £100 - -			
Capital :—				*Add* Additions... 20 - -			
H. Mitchell..... £1300 - -					120 - -		
Add ½ Net Profit 62 3 2				*Less* Depreciation 1 - -			
	1362	3	2		119	-	-
W. Pollard .... £1300 - -				Stock of Goods	980	-	-
Add ½ Net Profit 62 3 2				Sundry Debtors :—			
				Charles Cook ... £111 8 -			
£1362 3 2				David Dawson . 331 13 2			
Less Drawings... 20 - -					442	16	2
	1342	3	2	Cash in hand ..... £ 4 19 10			
				Cash at Bank..... 1040 19 9			
					1045	19	7
£	3185	5	9	£	3185	5	9

Practical Exercise 27. (*Tabular.*)

This exercise, as well as the next, is adapted from Elementary **Examination** papers set by the **West Riding County Council.**

Compile *tabular* Bought, Sold, and Cash Books; also Journal. Post and complete Ex. (see par. 103). Separate A/cs. will, of course be needed for Tea, Sugar, and Coffee. (*See page* 30).

On 1st April, 1907, the Books of John Alvey (myself) showed the following Dr. Balances:—Cash at Bank, £960; at Office, £48 10s.; Tea, £400; Sugar, £150; Coffee, £150. Walter Bell, £50; John Taylor, £45; Office Furniture & Fittings, £80.

April	1.	Bought of J. Gray, Tea, £20; Sugar, £40; Coffee, £24	£84	-	
,,	2.	Purchased of Wm. Wilson, Tea, £80, Coffee, £45	125	-	-
,,	3.	Received from John Taylor on A/c.	20	-	-
,,	3.	Paid into Bank (90)	60	-	-
,,	3.	Sold to Thos. Mason; Tea, £40; Sugar, £56	96	-	-
,,	5.	Bot. of James Gray: Tea, £20; Sugar, £27...	47	-	
,,	6.	Sold Chas. Jones: Sugar, £27; Tea, £20 ...	47	-	-
,,	7.	Cash Sales, Tea, £15; Sugar, £19; Coffee, £12	46	-	-
,,	8.	Sold to Thomas Mason on Credit: Tea, £80; Sugar, £20; Coffee, £20	120	-	-
,,	8.	Paid Cash for Repairs	6	5	-
,,	8.	Paid Fire Insurance Premium	1	-	-
,,	9.	Paid Cheque to James Gray, £80; Dis. £4...	84	-	-
,,	10.	Received from T. Mason: Cash, £90; Dis. £7	97	-	
,,	12.	Paid Cash to James Gray	50	-	-
,,	12.	Paid into Bank (90)	80	-	-
,,	14.	Bot. of J.Gray, Tea £40; Sugar £26; Coffee £35	101	-	-
,,	14.	Sold for Cash, Tea £10; Sugar £12; Coffee £8	30	-	-
,,	15.	Recd. Cheque of Charles Jones £41; Dis. £6	47	-	-
,,	15.	Deposited in Bank (90)	70	-	-
,,	16.	Bought of William Wilson: Tea, £80; Sugar, £20; Coffee, £40	140	-	-
,,	16.	Paid him on A/c. by Cheque, £95; Dis. £5...	100	-	-
,,	17.	Withdrew from Bank (90)	20	-	-
,,	17.	Pd. Cash for Office Files & Copying Press (81)	12	10	-
,,	19.	Recd. of John Taylor, Cheque in settlement...	25	-	-
,,	19.	Paid same into Bank	25	-	-
,,	20.	Sold to Charles Jones; Tea £100; Coffee £20	120	-	-
,,	21.	Cash Recd. for Tea £19; Sugar £23; Coffee £10	52	-	-
,,	22.	Recd. of C. Jones, Cheque, £110; Dis. £10...	120	-	-
,,	22.	Paid in Bank	140	-	-
,,	24.	Sold Thomas Mason: Tea, £35; Sugar, £27; Coffee, £12	74	-	-
,,	26.	Walter Bell pays me a first and final dividend of 13/4 in the £ (95a)			
,,	27.	Tea of the value of £50 destroyed by fire. Value of Insurance	25	-	-
		(*Royal Insurance Co. Dr.* £25, *Loss by Fire A/c. Dr.* £25, *to Tea,* £50)			
,,	27.	Paid into Bank	40	-	-

Apl. 28.	Cash Sales : Tea, £11 ; Sugar, £9	£20	-	-
,, 29.	Recd. Cheque from Royal Insurance Co.	25	-	-
,, 29.	Paid into Bank	50	-	-
,, 30.	Drew for Private Expenses by cheque (78)...	10	-	-
,, 30.	Paid Sundry Expenses in Cash	16	-	-
,, 30.	Paid Wages by Cheque	11	-	-
,, 30.	Rent *due* to James Shaw (*Rent Dr. To J. Shaw*)	4	10	-
,, 30.	Depreciation of Office Furniture, etc. (82)...	6	-	-
,, 30.	Charge Interest on Capital (71)	10	-	-

Stock of Tea, £380 ; *Sugar,* £100 ; *Coffee,* £258.

Ex. 27. Trial Balance.	**Totals.** Dr.			Cr.			**Balances.** Dr.			Cr.		
	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.
Cash A/c.	535	16	8	525	15	-	10	1	8			
Bank A/c.	1425	-	-	216	-	-	1209	-	-			
Capital A/c.				1893	10	-				1893	10	-
Drawings A/c.	10	-	-				10	-	-			
Stock A/c :—												
Tea	400	-	-				400	-	-			
Sugar	150	-	-				150	-	-			
Coffee	150	-	-				150	-	-			
Purchases A/c, :—												
Tea	240	-	-				240	-	-			
Sugar	113	-	-				113	-	-			
Coffee	144	-	-				144	-	-			
Sales A/c. :—												
Tea				380	-	-				380	-	-
Sugar				193	-	-				193	-	-
Coffee				82	-	-				82	-	-
Office Furniture & Fittings	92	10	-	6	-	-	86	10	-			
Wages A/c.	11	-	-				11	-	-			
Bad Debts A/c.	16	13	4				16	13	4			
Depreciation A/c.	6	-	-				6	-	-			
Interest A/c.	10	-	-				10	-	-			
Discount A/c.	23	-	-	9	-	-	14	-	-			
Trade Expenses A/c.	27	15	-				27	15	-			
Loss by Fire A/c.	25	-	-				25	-	-			
James Shaw				4	10	-				4	10	-
James Gray	134	-	-	232	-	-				98	-	-
William Wilson	100	-	-	265	-	-				165	-	-
Walter Bell	50	-	-	50	-	-	-	-	-			
John Taylor	45	-	-	45	-	-	-	-	-			
Royal Insurance Co.	25	-	-	25	-	-	-	-	-			
Thomas Mason	290	-	-	97	-	-	193	-	-			
Charles Jones	167	-	-	167	-	-	-	-	-			
£	4190	15	-	4190	15	-	2816	-	-	2816	-	-

Practical Exercise 28. (*Tabular*).

From the Waste Book Entries of Messrs. Inglis and Glennie, Dyewood and Colour Merchants, prepare Bought, Sales, Cash Books and Journal. Post, prepare T.B., and P. & L. A/c. and B/S. The profits are equally divided. Separate A/cs. for Dyewoods and Colours.

Jan., 1908. Cash at Office, £87 16s. 8d. Bank Balance, £500. Stock of Dyewoods, £1080 18s. 5d. Colours, £1286 6s. 9d. Office

Furniture, £100. Horses & Waggons, etc., £180. Balances owing by :—Leslie & Co., £238 4s. 6d., Gordon & Jackson, £184 16s. 5d., Macdonald & Co., £216 9s. 8d. Balances due to :—Morrison & Sons, £178 12s. 10d. Robertson & Cooper, £397 18s. 5d. Byer & Sons, £387 18s. 6d Glasgow Aniline Co., £153 16s. 9d Capital: Robert Inglis, £1330 6s. 6d. Wilson Glennie, £1425 19s. 5d.

Jan.	1.	Purchased from Rennie & Sons, Dyewoods...	£100	-	-
,,	1.	Sold Borthwick & Stewart :— Dyewoods...£31 - -; Colours...£70 12 3—101	12		3
,,	3.	Recd. Invoice from Glasgow Aniline Co., Colours	235	15	8
,,	5.	Paid Rennie & Sons, cheque	100	-	-
,,	6.	Recd. cheq. of Gordon & Jackson, £82 14; Dis.	2	2	5
,,	7.	Delivered (sold) to Baird & Sons : Colours, £66 9 5; Dyewoods, £51 6 -	117	15	5
,,	7.	Paid into Bank (90)	160	-	-
,,	8.	Paid Cash for Office Furniture (81)	6	10	-
,,	8.	Recd. Inv. of Rennie & Sons, Dyewoods ...	146	-	-
,,	10.	Pd. Robertson & Cooper cheq. £200, Dis. £20	220	-	-
,,	11.	Consigned (sold) to Leslie & Co. :— Colours, £125 13 -; Dyewoods, £65 - -—190	13		-
,,	12.	Recd. from Rennie & Sons, Inv. of Dyewoods	135	5	-
,,	12.	Withdrew from Bank (90)	40	-	-
,,	13.	Paid Wages	11	12	-
,,	14.	Invoiced (sold) to Henderson & Linton :— Dyewoods £69 18 10; Colours £71 6 6...—141	5		4
,,	15.	Paid Rennie & Sons, cheque	281	5	-
,,	15.	Paid Cash for Horse Corn (Trade Exs.)	3	8	6
,,	17.	Invoiced (sold) to Macdonald & Co. Dyewoods	145	5	-
,,	18.	Paid Cash for Railway Carriage	8	5	6
,,	18.	Paid Cheque Glasgow Aniline Co., £146 3 - Dis. £7 13 9	153	16	9
,,	19.	Sold Gordon & Jackson, Colours	268	19	6
,,	19.	Bought Stationery from Alex. Millar(*Journal*)	18	5	9
,,	20.	R. Inglis withdrew cash (78)	15	-	-
,,	20.	Recd. Leslie & Co., cheque, £134 15 -, Dis. and paid cheque into Bank	3	9	6
,,	20.	Invoiced (sold) to Gordon & Jackson :— Colours £160 7 -; Dyewoods £81 9 11...	134	15	-
,,	21.	Paid for Repairs	241	16	11
,,	21.	Recd. of Macdonald & Co., cheq. £211 1 -, Dis.	3	8	6
,,	21.	Paid Cheq. to Morrison & Sons, £176 3 -, Dis.	5	8	8
,,	21.	Recd. Borthwick & Stewart's cheq. £99 2 -, Dis.	2	9	10
,,	21.	Consigned (sold) to Boyd and Nesbit :— Dyewoods...£95 15 -; Colours...£139 17 6—235	2	10	3
,,	22.	Recd. cheq. from Baird & Sons, £114 17 -, Dis.	12		6
,,	22.	Recd. from Robertson & Cooper Inv. of Colours	2	18	5
,,	22.	Withdrew from Bank	327	16	-
,,	22.	Paid for repairing Waggons and Harness (81)	30	-	-
,,	22.	Forwarded (sold) Leslie & Co. :— Dyewoods...£87 15 -; Colours...£76 - -...—163	6	18	6
			15		-

Jan. 22.	Henderson & Linton paid Cheque £130; Dis. £3 7s.	£133	7	-
,, 22.	Paid 4 Cheques into Bank	555	-	-
,, 22.	Forwarded (sold) Baird & Sons, Colours	261	1	2
,, 24.	Morrison's Invoiced to us, Colours	78	5	-
,, 24.	Paid Wages	22	5	8
,, 24.	Delivered (sold) to Gordon & Jackson, Colours	92	19	11
,, 24.	Paid Rent by Cheque	25	-	-
,, 25.	Wilson Glennie withdrew by Cheque (78)	20	-	-
,, 25.	Sold to Henderson & Linton :— Dyewoods...£72 15 4; Colours...£333 9 10—	406	5	2
,, 25.	Paid A. Millar, Cheque £17 9 ; Dis. 16/9	18	5	9
,, 26.	Received Cheque on A/c. from Boyd & Nesbit and paid same into Bank to-day	200	-	-
,, 28.	Paid Fire Insurance Premium	1	10	-
,, 29.	Robert Inglis withdrew by cheque (78)	20	-	-
,, 31.	Paid Sundry Trade Expenses by Cheque	11	3	-
,, 31.	Recd. from Boyd & Nesbit dividend of 15/- in the £ on £35 12 6, being bal. owing (95)	26	14	4

Stock of Dyewoods £1050 10 - ; *Colours* £450 15 6.

Ex. 28. Trial Balance.

	Totals. Dr.			Totals. Cr.			Balances. Dr.			Balances. Cr.		
	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.
Cash A/c.	822	5	-	793	18	8	28	6	4			
Bank A/c.	1549	15	-	1067	3	-	482	12	-			
Robert Inglis' Capital A/c.				1330	6	6				1330	6	6
Robert Inglis' Drawings A/c.	35	-	-				35	-	-			
Wilson Glennie's Capital A/c.				1425	19	5				1425	19	5
Wilson Glennie'sDraw'gsA/c.	20	-	-				20	-	-			
Stock A/c. :—												
Dyewoods	1080	18	5				1080	18	5			
Colours	1286	6	9				1286	6	9			
Purchases A/c. :—												
Dyewoods	381	5	-				381	5	-			
Colours	641	16	8				641	16	8			
Sales A/c. :—												
Dyewoods				700	5	1				700	5	1
Colours				1666	16	1				1666	16	1
Office Furniture, A/c.	106	10	-				106	10	-			
Horses, Waggons, &c. A/c.	180	-	-				180	-	-			
Bad Debts, A/c.	8	18	2				8	18	2			
Carriage A/c.	8	5	6				8	5	6			
Wages A/c.	33	17	8				33	17	8			
Discount A/c.	19	16	3	31	-	4				11	4	1
Trade Expenses A/c.	69	14	3				69	14	3			
John Morrison & Sons	178	12	10	256	17	10				78	5	-
Robertson & Cooper	220	-	-	725	14	5				505	14	5
David Byer & Sons				387	18	6				387	18	6
Glasgow Aniline Co.	153	16	9	389	12	5				235	15	8
Alex. Millar	18	5	9	18	5	9				-	-	-
Rennie & Sons	381	5	-	381	5	-				-	-	-
Alex. Macdonald & Co.	361	14	8	216	9	8	145	5	-			
Boyd & Nesbit	235	12	6	235	12	6	-	-	-			
Andrew Leslie & Co.	592	12	6	138	4	6	454	8	-			
Borthwick & Stewart	101	12	3	101	12	3	-	-	-			
James Baird & Sons	378	16	7	117	15	5	261	1	2			
Henderson & Linton	547	10	6	133	7	-	414	3	6			
Gordon & Jackson	788	12	9	84	16	5	703	16	4			
£	10203	-	9	10203	-	9	6342	4	9	6342	4	9

Practical Exercise 29. (*Tabular.*)

Thomas Turner having had bequeathed to him the business of a Wine Merchant, carried on by his late uncle, took possession thereof 1st September, 1907, when he found the affairs to stand thus :—

Assets :—Cash, £86 14s. 3d. Bank, £1700 18s. 6d. Business Premises, £2000. Furniture & Fittings, £200. Horses, Carts, etc., £350. Stock of Port, £1140. Sherry, £980. Charles Gray, £110 11s. 0d. John Heath, £64 3s. 0d. Arthur Monson, £143 9s. 6d. Ernest Hooley, £206 10s. 6d. Fred Davis, £18 17s. 6d. Albert Boston, £83 6s. 0d. *Liabilities* :—Timms & Co., £1273 11s. 6d. Geisler & Co., £723 1s. 6d. Perrier & Co., £1078 16s. 0d. Capital £4009 1s. 3d., 1st September, 1907.

Sept.	1.	Withdrawn from business by Cheque (78) ...	£100	-	-
,,	1.	Sold Port for Cash	8	3	6
,,	2.	Invoiced Charles Gray : Port £26 8 9 ; Sherry	34	3	6
,,	3.	Paid Cheque for Walnut Desk (81)	28	-	-
,,	4.	Recd. from Chas. Gray, £105. Dis. £5 11 -	110	11	-
,,	4.	Paid Wages in Cash	5	-	-
,,	4.	Paid into Bank	180	-	-
,,	6.	Sold Albert Boston, Port £46 7 6 ; Sherry...	28	13	4
,,	7.	Recd. from Ernest Hooley, £95. Dis. £5 ...	100	-	-
,,	7.	Bought of Timms & Co., Port	136	10	-
,,	8.	Paid them Cheque, £190. Dis. £10	200	-	-
,,	8.	Received Cheque of Albert Boston	83	6	-
,,	8.	Paid 2 Cheques into Bank	178	6	-
,,	9.	Sold Sherry for Cash	13	10	-
,,	10.	Recd. from Arthur Monson, £136. Dis. £7 9 6	143	9	6
,,	11.	Paid Wages in Cash	5	-	-
,,	11.	Paid into Bank	136	-	-
,,	13.	Sold Ernest Hooley : Port £136 9 6 ; Sherry	123	4	6
,,	14.	Bought of Geisler & Co., Sherry	210	-	-
,,	15.	Paid them Cheque on A/c.	400	-	-
,,	16.	Sent Chas. Gray : Port £83 10s. ; Sherry...	68	17	6
,,	17.	Recd. from him Cheque £57. Dis. £3 12 3...	60	12	3
,,	18.	Paid Wages	5	-	-
,,	18.	Paid Cash for Painting Premises (81)	23	-	-
,,	18.	Paid Cash for Gas	4	5	-
,,	18.	Paid into Bank	40	-	-
,,	20.	Bought of Perrier & Co. : Port £109, Sherry	84	6	-
,,	20.	Remitted them Cheque on A/c.	500	-	-
,,	21.	Withdrew from Bank	30	-	-
,,	21.	Paid Cash for New Cart (81)	32	10	-
,,	21.	Drew Cheque for private purposes (78)	50	-	-
,,	22.	Sold John Heath : Port £84 6, Sherry	98	10	-
,,	23.	Sold Albert Boston : Port £198 18 6, Sherry	206	11	-
,,	24.	Recd. from him Cheque, which paid into Bank to-day, £71. Dis. £4 - 10	75	-10	

Sep. 24.	Paid Fire Insurance Premium, Cash	£4	5	-
,, 24.	Withdrew from Bank	40	-	-
,, 25.	Paid Wages in Cash	5	-	-
,, 25.	Paid Cash for Corn and Fodder (Trade Exs.)	7	10	6
,, 27.	Bought of Perrier & Co.: Port £219 10; Sherry	143	9	6
,, 27.	Remitted them Cheque, £524. Dis. £54 16 -	578	16	-
,, 29.	Hooley compounded with his Crs. for 10s. in the £. Recd. Cheq. & paid it into Bank (95)	183	2	3
,, 29.	Paid Borough Rate in Cash	27	-	-
,, 30.	Paid Rly. Carriage A/c. by Cheque	13	-	-
,, 30.	Interest allowed by Bank (92)	10	5	-
,, 30.	Charge Depreciation on Premises (82)	40	-	-
,, 30.	,, ,, Furniture, etc. ...	17	2	-
,, 30.	,, ,, Horses, Carts, etc.	38	5	-

Stock—Value of Port, £1363; *Sherry,* £1096.

Ex. 29. Trial Balance.

	Totals. Dr.			Totals. Cr.			Balances. Dr.			Balances. Cr.		
	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.
Cash A/c.	654	18	9	652	16	6	1	17	3			
Bank A/c.	2499	11	9	1875	-	-	624	11	9			
Capital A/c.				4009	1	3				4009	1	3
Drawings A/c.	150	-	-				150	-	-			
Stock A/c.:—												
Port	1140	-	-				1140	-	-			
Sherry	980	-	-				980	-	-			
Purchases A/c.:—												
Port	465	-	-				465	-	-			
Sherry	437	15	6				437	15	6			
Sales A/c.:—												
Port				584	3	9				584	3	9
Sherry				573	9	10				573	9	10
Business Premises A/c.	2000	-	-	40	-	-	1960	-	-			
Furniture & Fittings A/c.	228	-	-	17	2	-	210	18	-			
Horses, Carts, &c. A/c.	382	10	-	38	5	-	344	5	-			
Bad Debts A/c.	183	2	3				183	2	3			
Carriage A/c.	13	-	-				13	-	-			
Wages A/c.	20	-	-				20	-	-			
Depreciation A/c.	95	7	-				95	7	-			
Interest A/c.				10	5	-				10	5	-
Discount A/c.	25	13	7	64	16	-				89	2	5
Trade Expenses A/c.	66	-	6				66	-	6			
Timms & Co.	200	-	-	1410	1	6				1210	1	6
Geisler & Co.	400	-	-	933	1	6				533	1	6
Perrier & Co.	1078	16	-	1635	1	6				556	5	6
Ernest Hooley	466	4	6	466	4	6						
Fred Davis	18	17	6				18	17	6			
Albert Boston	563	16	4	158	6	10	405	9	6			
Charles Gray	323	10	9	171	3	3	152	7	6			
John Heath	246	19	-				246	19	-			
Arthur Mouson	143	9	6	143	9	6	-	-	-			
£	12782	7	11	12782	7	11	7515	10	9	7515	10	9

Practical Exercise 30. (*Tabular*).

Assets :—Cash, £50 1s. 6d. Bank, £864 7s. 6d. Tea, £800. Coffee, £350. Cocoa, £410. Brown & Brooke, £162 1s. 3d. Simpson & Sons, £124 2s. 6d. Carter & Co., £98 12s. 3d. Bruce & Co., £172 17s. 0d. *Liabilities* :—Colman & Co., £401 2s. 6d. Wilson & Sons, £103 4s. 0d. Ramsden & Co., £127 15s. 6d. Alfred Bailey, £215. Capital, £2185, 2nd Jan., 1909. (*See lithographed examples at the end of the Manuscript Journal sold by the Author.*)

Jan. 2.	Recd. of Brown & Brooke, Cheque £158, which paid into Bank. Dis. £4 1 3		£162	1	3
,, 2.	Sold Carter & Co., Tea ..... £110 - - Cocoa...£30 10 - ; Coffee ..... £15 - -	—155	10	-	
,, 2.	Pd. Colman & Co., Chq., £292 10. Dis. £7 10	300	-	-	
,, 2.	Sold Smith & Ward, Tea	60	-	-	
,, 2.	Sold Bruce & Co., Tea, £69 ; Coffee, £32 10—	101	10	-	
,, 3.	Recd. of Simpson's, £121. Dis. £3 2 6 ...	124	2	6	
,, 4.	Pd. Ramsden & Co., Chq., £125. Dis. £2 15 6	127	15	6	
,, 4.	Sold Brown & Brooke, Tea..... £169 - - Coffee ,, 74 7 6	243	7	6	
,, 5.	Bought of Wilson & Sons, Tea	505	-	-	
,, 5.	Paid them Cheque, £101 10. Dis. £1 14 ...	103	4	-	
,, 6.	Sold Simpson & Sons, Tea	260	-	-	
,, 6.	Received their Cheque on A/c. for	150	-	-	
,, 7.	Paid Wages	5	-	-	
,, 7.	Sold Brown & Brooke, Cocoa, £60, Coffee £84	144	-	-	
,, 7.	Sold Simpson & Sons, Tea, £125 ; Coffee £70 ; Cocoa, £27 10	222	10	-	
,, 9.	Bought of Ramsden & Co., Coffee	102	-	-	
,, 10.	,, Colman & Co. ,, ...	130	-	-	
,, 11.	Recd. of Simpson & Sons, £105 ; Dis. £5 ...	110	-	-	
,, 12.	Recd. of Brown & Brooke, £235. Dis. £8 7 6	243	7	6	
,, 14.	Cash Sales to date, Tea, £280 ; Coffee, £87 10 - ; Cocoa, £90	457	10	-	
,, 14.	Paid Wages in Cash	5	2	6	
,, 14.	Paid into Bank	420	-	-	
,, 16.	Pd. Colman & Co., Cheq., £225. Dis. £6 2 6	231	2	6	
,, 16.	Paid Cash into Bank	600	-	-	
,, 17.	Bought from Alfred Bailey, Cocoa	210	-	-	
,, 17.	Remitted him Cheque £207 10, Dis. £7 10...	215	-	-	
,, 20.	Sold Carter & Co., Tea, £111 ; Coffee, £65 ; Cocoa, £63	239	-	-	
,, 20.	Received their Cheque for	256	2	6	
,, 20.	Paid into Bank	300	-	-	
,, 21.	Paid Wilson & Sons, Cheque	505	-	-	
,, 21.	Paid Wages in Cash	5	-	-	
,, 23.	Bought of Colman & Co., Coffee	130	-	-	
,, 23.	Bought of Wilson & Sons, Tea	315	-	-	

Jan.23.	Bought of Alfred Bailey, Tea	£200	- -
,, 24.	Paid Alfred Bailey, Cheque £202; Dis. £8...	210	- -
,, 24.	Sold Simpson & Sons, Tea	55	- -
,, 25.	Sold Brown & Brooke, Coffee	42	- -
,, 25.	Sold Carter & Co., Coffee	45	- -
,, 26.	Smith & Ward became insolvent and paid their creditors a div. of 10s. in the £, I received and paid into the Bank (95*a*) ...	30	- -
,, 26.	Sold Brown & Brooke, Tea	60	- -
,, 27.	Received of Carter & Co., £107; Dis. £3....	110	- -
,, 27.	Drew cheque for cash	500	- -
,, 28.	Bought for Cash at Auction Sales :— Tea, £250; Coffee, £157 10s.; Cocoa, £104	511	10 -
,, 28.	Paid Wages, Cash	5	7 6
,, 31.	Sundry Cash Sales to date :— Tea, £154; Coffee, £61; Cocoa, £49	264	- -
,, 31.	Rent *due* Landlord	10	- -
,, 31.	Paid Rates	5	10 -
,, 31.	Paid Sundry Trade Expenses	5	2 6
,, 31.	Paid into Bank	350	- -

Stocks :—*Tea*, £730; *Coffee*, £381; *Cocoa*, £440.

Ex. 30. Trial Balance.	Totals. Dr.	Totals. Cr.	Balances. Dr.	Balances. Cr.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Cash A/c.	2245 14 -	2212 12 6	33 1 6	
Bank A/c.	2722 7 6	2158 10 -	563 17 6	
Capital A/c.		2185 - -		2185 - -
Stock A/c. :—				
Tea	800 - -		800 - -	
Coffee	350 - -		350 - -	
Cocoa	410 - -		410 - -	
Purchases A/c. :—				
Tea	1270 - -		1270 - -	
Coffee	519 10 -		519 10 -	
Cocoa	314 - -		314 - -	
Sales A/c. :—				
Tea		1453 - -		1453 - -
Coffee		576 7 6		576 7 6
Cocoa		320 - -		320 - -
Bad Debts A/c	30 - -		30 - -	
Wages A/c.	20 10 -		20 10 -	
Discount A/c.	23 11 3	33 12 -		10 - 9
Trade Expenses A/c.	20 12 6		20 12 6	
Colman & Co.	531 2 6	661 2 6		130 - -
Wilson & Sons	608 4 -	923 4 -		315 - -
Ramsden & Co.	127 15 6	229 15 6		102 - -
Alfred Bailey	425 - -	625 - -		200 - -
Landlord		10 - -		10 - -
Brown & Brooke	651 8 9	405 8 9	246 - -	
Simpson & Sons	661 12 6	384 2 6	277 10 -	
Carter & Co.	538 2 3	366 2 6	171 19 9	
Bruce & Co.	274 7 -		274 7 -	
Smith & Ward	60 - -	60 - -	- - -	
£	12603 17 9	12603 17 9	5301 8 8	5301 8 8

Practical Exercise 31. (*Tabular.*)

Jackson Bros. (Robert and John) carry on business as Tobacco Merchants. Three-fifths of profits to Robert, two-fifths to John. *Assets* :—Cash, £20. Bank, £2600 9s. 6d. Furniture & Fittings, £380. Tobacco, £700. Cigars, £510. Cigarettes, £263. Edward Wade, £212 12s. 6d. Thos. Elliott, £113. Joe Parson, £128 6s. 2d. Alb. Kershaw, £50. Hy. Hirst, £300. *Liabilities* :—Ogden & Co., £190. Bell & Sons, £250 9s. 6d. Wills & Co., £800. Hignett & Co., £505 18s. 8d. Martin Bros., £606. Capital :—Robert Jackson, £1755. John Jackson, £1170. 1st October, 1907.

Oct. 1.	Sold Edward Wade :—Tobacco £20 6 4				
	Cigars...£50 10s. ; Cigarettes ... 15 9 6		86 5 10		
,, 1.	Recd. from him, cheque £202. Dis. 10 12 6		—212 12 6		
,, 2.	Paid Cash for Stationery (Trade Exs.)		5 7 3		
,, 2.	Recd. from Henry Hirst, cheque on A/c. ...		200 - -		
,, 2.	Paid cheques into Bank		402 - -		
,, 4.	Bot. of Hignett & Co. ; Tobacco...£42 10 6				
	Cigars.....£96 ; Cigarettes 19 5 4		—157 15 10		
,, 4.	Paid them cheq., £480 12. Dis. £25 6 8.....		505 18 8		
,, 5.	Paid Wills & Co., cheque on A/c.		400 - -		
,, 5.	Sold Joe Parson : Tobacco ..... £30 8 -				
	Cigars...£80 6 ; Cigarettes 20 10		—131 4 -		
,, 6.	Recd. from him Cheque £121 18. Discount...		6 8 2		
	Paid cheque into Bank		121 18 -		
,, 7.	Invoiced to Albert Kershaw, Cigars		28 10 -		
,, 7.	Received cheque from him		50 - -		
,, 8.	Bought Cigars from Martin Bros.		150 10 -		
,, 8.	Paid them cheque £285. Dis. £15		300 - -		
,, 8.	Received cheque from Joe Parson on A/c. ...		43 - -		
,, 8.	Pd. Ogden & Co., cheque £180 10. Dis. £9 10		190 - -		
,, 9.	Sold Cigarettes to Thomas Elliott		18 - -		
,, 9.	Paid into Bank		93 - -		
,, 9.	Sold to Henry Hirst :—Tobacco...£63 8 6				
	Cigars.....£46 10 ; Cigarettes ... 21 3		—131 1 6		
,, 9.	Paid Wages in Cash		8 10 -		
,, 11.	Edward Wade paid cheque on A/c.		50 - -		
,, 11.	Endorsed Wade's cheque and sent it to Bell				
	& Sons (66*b*)		50 - -		
,, 11.	Bought of Ogden & Co. : Tobacco £130 - -				
	Cigars...£160 - - ; Cigarettes £32 - -		—322 - -		
,, 12.	Parson's chq. returned by Bank dishonoured				
	(*N.B. at the end of the Exercise*)		43 - -		
,, 14.	Sent to Thomas Elliott ; Tobacco...£89 6 6				
	Cigars...£113 4 6 ; Cigarettes ... 45 7		—247 18 -		
,, 16.	Withdrew from Bank		20 - -		
,, 16.	Paid Wages in Cash		8 10 -		
,, 16.	Paid for Postages (Trade Exs.)		5 - -		
,, 18.	Bought of Bell & Sons : Tobacco...£83 9 4				
	Cigars...£54 6 2 ; Cigarettes ... 27 8 6		—165 4 -		
,, 18.	Paid them cheque, £238. Dis. £12 9 6		250 9 6		
,, 20.	Recd. cheque from Henry Hirst		100 - -		

Oct. 20.	Endorsed Hirst's cheque and sent it to Martin Bros. (66*b*)	£100	-	-
,, 21.	Paid Borough Rate in Cash	11	9	6
,, 21.	Sold Edward Wade: Tobacco ... £53 16 8 Cigars...£48 13 10; Cigarettes... 27 16 4—130	6	10	
,, 21.	Recd. from him Chq. £32. Dis. £4 5 10...	36	5	10
,, 22.	Sold Henry Hirst: Tobacco ..... £68 15 - Cigars £100 3 -; Cigarettes ..... 28 7 8—197	5	8	
,, 22.	Recd. from him Chq. £124 10s. Dis. £6 11 6	131	1	6
,, 22.	Paid Cheques into Bank	156	10	-
,, 23.	Drew Cheques for Cash	20	-	-
,, 23.	Paid Wages in Cash	8	10	-
,, 25.	Parson absconded, left no assets; his debt is(74)	131	4	-
,, 25.	Paid Cheque for new Show Case (81)	23	-	-
,, 26.	Bought of Wills & Co.; Tobacco £130 6 - Cigars...£180 4 -; Cigarettes... 63 10 —374	-	-	
,, 26.	Paid them Cheque £360. Dis. £40	400	-	-
,, 27.	Bought Cigars from Martin Bros.	123	10	-
,, 27.	Paid them Cheque £275 14. Dis. £30 6 ...	306	-	-
,, 27.	Paid Cash for Fire Insce. Prem.	4	10	-
,, 28.	Recd. from T. Elliott, Chq., £124 9. Dis. £6 11	131	-	-
,, 28.	Sent Elliott's chq. to Wills & Co. on a/c. (66*b*)	124	9	-
,, 30.	Paid Rent by Cheque	10	-	-
,, 30.	Partners each withdrew by Cheq. £20 (78)	40	-	-
,, 30.	Cash Sales—Tobacco ..... £19 6 - Cigars...£23 10 -; Cigarettes ... 8 4 6—	51	-	6
,, 30.	Paid Wages in Cash	8	10	-
,, 30.	Depreciation of Furniture, etc. (82)	22	-	-
,, 30.	Interest on Capital—Robert Jackson (71)...	7	6	3
	,, ,, John Jackson	4	17	6
,, 30.	Bank Interest credited (92)	8	10	6

Stocks:—*Tobacco* £865; *Cigars* £928; *Cigarettes* £290.

N.B.—Ex. 31. Oct. 12, Dishonoured Cheque.—This means that although Parson has forwarded us the cheque, his bankers refuse to pay it. We received it on the 8th, and paid it into our Bank on the 9th. Our Bank now return it to us and Parson owes us the money. Enter on the **Cr.** side of the C.B. **Bank** column "*Oct.* 12. *By J. Parson* (*Dishonoured Cheque*) £43." This will, of course, be posted to the debit of Joe Parson, to whom we shall write demanding the cash.

Take another example: John Smith pays on the 1st March his account of £200; after deducting 2½% discount. If the cheque is paid direct into the Bank this transaction would be entered on the **Dr.** side of the Cash Book, thus:—

	Discount	*Bank*
March 1. To John Smith.....	*£5 - -*	*£195 - -*

On intimation of the fact that the cheque is **Dishonoured** an entry would be made on the **Cr.** side of the Cash Book in the **Bank** column, thus:—

March 4. By John Smith (*dishonoured cheque*) *£195.*

This amount would be posted to the debit of Smith's account.

Ex. 51. Trial Balance.	Totals. Dr.			Totals. Cr.			Balances. Dr.			Balances. Cr.		
	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.
Cash A/c.	1076	19	6	986	5	9	50	13	9			
Bank A/c.	5382	8	-	2375	16	-	1006	12	-			
R. Jackson's Capital A/c.				1762	6	3				1762	6	3
R. Jackson's Drawings A/c.	20	-	-				20	-	-			
J. Jackson's Capital A/c.				1174	17	6				1174	17	6
J. Jackson's Drawings A/c.	20	-	-				20	-	-			
Stock A/c. :—												
Tobacco	700	-	-				700	-	-			
Cigars	510	-	-				510	-	-			
Cigarettes	263	-	-				263	-	-			
Purchases A/c. :—												
Tobacco	386	5	10				386	5	10			
Cigars	764	10	2				764	10	2			
Cigarettes	142	3	10				142	3	10			
Sales A/c. :—												
Tobacco				345	7	-				345	7	-
Cigars				491	7	4				491	7	4
Cigarettes				184	18	-				184	18	-
Furniture & Fittings A/c.	403	-	-	22	-	-	381	-	-			
Bad Debts A/c.	131	4	-				131	4	-			
Wages A/c.	34	-	-				34	-	-			
Depreciation A/c.	22	-	-				22	-	-			
Interest A/c.	12	3	9	8	10	6	3	13	3			
Discount A/c.	34	9	-	132	12	2				98	3	2
Trade Expenses A/c.	56	6	9				36	6	9			
Ogden & Co.	190	-	-	512	-	-				322	-	-
Bell & Sons	300	9	6	415	13	6				115	4	-
Wills & Sons	924	9	-	1174	-	-				249	11	-
Hignett & Co.	505	18	8	663	14	6				157	15	10
Martin Bros.	706	-	-	880	-	-				174	-	-
Edward Wade	429	5	2	298	18	4	130	6	10			
Thomas Elliott	378	18	-	131	-	-	247	18	-			
Joe Parson	302	10	2	302	10	2	-	-	-			
Albert Kershaw	78	10	-	50	-	-	28	10	-			
Henry Hirst	628	7	2	431	1	6	197	5	8			
£	12342	18	6	12342	18	6	5075	10	1	5075	10	1

Practical Exercise 32. (*Tabular.*)

In Jan., 1909, John Wm. Heaps, Edwin Wilson, and Arthur James Bowler entered into partnership under the style or firm of Wilson and Bowler, their respective Capitals of £5000, £500 and £500, being paid into Bank in the name of the firm. On Jan. 1 they purchased the business of Warren & Co., Indigo Merchants, for the sum of £4759 1s. 3d., to be paid at the end of the month. Warrens' books stood as follows— (See par. 79.)

Assets :—Premises £3000, Furniture & Fittings £200, Horses, Carts, etc., £350, Stocks of Indigo :—Bengal £1360, Kurpah £1100, Madras £447 12 9. Debtors :—Chas. Slee £110 11, John Holt £64 3, Brooke & Co. £143 9 6, Roberts Bros. £206 10 6, Firth & Jones £18 17 6, Bureau & Co. £83 6. *Liabilities* :—Creditors :—Edwin Bower & Co. £1273 11 6, Koebel & Co. £723 1 6, Jewesbury & Co. £1078 16, Capital £4009 1 3.

(*In journalising these balances be careful to debit Goodwill with* £750, *and credit Warren & Co. with* £4759 1 3.)

Heaps takes one-half of the profits, the other half is divided equally between Wilson & Bowler.—Keep 3 separate a/cs. for Indigo.

Jan. 2.	Drew Cheque for Cash	£20	-	-
,, 2.	Sold Bengal Indigo for Cash	8	3	6
,, 2.	Invoiced C. Slee, Bengal, £126 8 9; Kurpah, £100; Madras, £34 3 6	260	12	3
,, 3.	Paid Cheque for Roll Top Desk (81)	18	-	-
,, 4.	Recd. from Chas. Slee, £105. Dis. £5 11...	110	11	-
,, 6.	Sold Bureau & Co., Bengal, £46 7 6; Kurpah £148 13 4; Madras, £50	245	-	10
,, 7.	Paid Wages	15	-	-
	Received from Roberts Bros., £95. Dis. £5	100	-	-
	Paid into Bank	200	-	-
	Bought of Bower & Co., Bengal, £468 10; Kurpah, £342	810	10	-
,, 9.	Paid them Cheque	1000	-	-
	Recd. Cheq. of Bureau & Co., £83; allowed 6/-	83	6	-
,, 10.	Paid Cheque into Bank	83	-	-
	Sold Madras for Cash	13	10	-
	Recd. from Brooke & Co., £136. Dis. £7 9 6	143	9	6
,, 12.	Paid into Bank	136	-	-
,, 13.	Sold Roberts Bros., Bengal, £136 9 6; Madras, £123 4 6	259	14	-
,, 14.	Bought of Koebel & Co., Madras	310	-	-
	Paid them Cheque on A/c.	400	-	-
	Paid Wages	15	-	-
,, 16.	Sent Firth & Jones, Kurpah, £83 10; Madras £68 17 6	152	7	6
,, 17.	Received from them Cash, £18. Dis. 17/6...	18	17	6
,, 18.	Paid Cheque for Painting Premises (81) ...	20	-	-
	Paid Cash for Gas (Trade Exs.)	4	5	-
,, 19.	Paid Cheque for Weighing Machine (81) ...	15	-	-
	Paid Corn&Fodder A/c. in Cash (Trade Exs.)	11	9	6
	Paid for two new Cart Lamps (81)	1	-	-
	Bought of Jewesbury & Co., Bengal £360 10 -; Kurpah, £228; Madras, £190	778	10	-
,, 20.	Horse valued at £25 died and carcase sold for (81)	1	-	-
,, 20.	Remitted Jewesbury & Co., Cheque on A/c.	1000	-	-
	Withdrew from Bank	20	-	-
	Paid Cheque for New Horse (81)	40	-	-
	E.Wilson drew Cheq. for private purposes (78)	50	-	-
,, 21.	Sold J. Holt:—Kurpah, £84; Bengal, £100; Madras, £98 16	282	16	-
	Paid Wages	15	-	-
,, 23.	Sold Brooke & Co.: Kurpah, £108 18; Bengal £156; Madras, £106 11	371	9	-
,, 24.	Recd. from J. Holt, cheq. and paid into Bank	150	-	-
	Paid Fire Insurance Premium, Cash	4	5	-
,, 26.	Bought of Koebel & Co., Madras	278	-	-
,, 27.	Remitted them Cheque	323	1	6

Jan. 28.	Roberts Bros. compounded with their Crs. for 13/4 in the £, recd. Cheq., and paid it into Bank to-day (95a)	£244	3	-
,, 28.	Paid Borough Rate by Cheque	27	-	-
	Paid Rly. Co. Carriage A/c. by Cheque	13	-	-
	Drew Cheque for Wages	15	-	-
,, 31.	Charge Depreciation on Premises (82)	10	-	-
	,, ,, Furniture, etc.	1	10	-
	,, ,, Horses, etc.	6	-	-
	,, ,, Goodwill	25	-	-
	Paid Warren & Co., Cheque	4759	1	3
	Int. on Cap., John Wm. Heaps (71)	20	16	8
	,, ,, E. Wilson & A. J. Bowler, each	2	1	8
	Interest on Withdrawal, Edwin Wilson (78)	-	1	8
	Due to E. Wilson & A. J. Bowler for salary each	13	-	-

Stocks of Indigo: *Bengal* £1765, *Kurpah* £1324, *Madras* £810.

Ex. 32. Trial Balance.	Totals. Dr. £ s. d.	Totals. Cr. £ s. d.	Balances. Dr. £ s. d.	Balances. Cr. £ s. d.
Cash A/c.	499 13 6	484 19 6	14 14 -	
Bank A/c.	6813 3 -	7720 2 9		906 19 9
J. W. Heap's Capital A/c.		5020 16 8		5020 16 8
E. Wilson's Capital A/c.		515 1 8		515 1 8
E. Wilson's Drawings A/c	50 1 8		50 1 8	
A. J. Bowler's Capital A/c.		515 1 8		515 1 8
Stock A/c.:—				
Bengal	1360 - -		1360 - -	
Kurpah	1100 - -		1100 - -	
Madras	447 12 9		447 12 9	
Purchases A/c.:—				
Bengal	829 - -		829 - -	
Kurpah	570 - -		570 - -	
Madras	778 - -		778 - -	
Sales A/c.:—				
Bengal		573 9 3		573 9 3
Kurpah		525 1 4		525 1 4
Madras		495 2 6		495 2 6
Premises A/c.	8000 - -	10 - -	2990 - -	
Furniture & Fittings A/c.	233 - -	1 10 -	231 10 -	
Horses, Carts, &c., A/c.	391 - -	31 - -	360 - -	
Goodwill A/c.	750 - -	25 - -	725 - -	
Bad Debts A/c.	122 1 6		122 1 6	
Wages A/c.	60 - -		60 - -	
Depreciation A/c.	42 10 -		42 10 -	
Partners' Salaries A/c.	26 - -		26 - -	
Carriage A/c.	13 - -		13 - -	
Interest A/c.	25 - -	- 1 8	24 18 4	
Discount A/c.	19 4 -		19 4 -	
Trade Expenses A/c.	66 19 6		66 19 6	
Dead Horse A/c.	24 - -		24 - -	
Edwin Bower & Co.	1000 - -	2084 1 6		1084 1 6
Koebel & Co.	723 1 6	1311 1 6		588 - -
Jewesbury & Co.	1000 - -	1857 6 -		857 6 -
Warren & Co.	4759 1 3	4759 1 3		- - -
Charles Slee	371 3 3	110 11 -	260 12 3	
John Holt	346 19 -	150 - -	196 19 -	
Bureau & Co.	328 6 10	83 6 -	245 - 10	
Brooke & Co.	514 18 6	143 9 6	371 9 -	
Roberts Bros.	466 4 6	466 4 6	- - -	
Firth & Jones	171 5 -	18 17 6	152 7 6	
£	26901 5 9	26901 5 9	11081 - 4	11081 - 4

The **Examinations** of the **ROYAL SOCIETY of ARTS** are held about the end of March and May in each year, and the results are announced about August. The entrance fee for the **Elementary** or **Stage I.** Examination is 2/6. An Exercise is set involving the use of the Subsidiary books, posting to the Ledger, and extracting a Trial Balance. Questions must be answered relative to simple business terms and abbreviations, and on the use of business documents, such as Invoices, Statements of Account, Bank Notes, Cheques, Bills of Exchange, and Receipts; Order, Postage, Petty Cash, Cash, Stock, Purchases, and Sales Books, and Ledgers. To gain a Certificate 50% of the total marks must be obtained. Although the requirements, according to the Syllabus appear reasonable, candidates will notice from a perusal of the following Exam. Papers, that the area covered by the various questions is a very wide one, and presents many difficulties. The Examiner in his Reports complains, on the one hand, that students do not display an adequate knowledge of *practical* methods, while, on the other hand, he himself requires from candidates such *unpractical* methods as the entering of transactions *direct* into the Ledger, without the use of subsidiary books. A copy of the Society's Syllabus and List of Centres is issued in September each year, and a copy may be had from the *Secretary, 18 John Street, Adelphi, London, W.C. 2,* for 4d. post free.

Ex. 33. Royal Society of Arts. (*Stage* 1, 1901).

1. Explain the phrase, "Bringing down a balance." **2.** Define the term "Voucher." When must a voucher be stamped; and with what value of stamp **3.** Sketch a form of Postage Book; enter in it an amount of Cash received by the Postage Clerk from the Cashier; and make six entries of letters and parcels dispatched. **4.** State some headings under which you would analyse your Petty Cash payments for a month. What would be done with the analysis when made? What ought the total of the analysis to agree with? **5.** What is the difference between a cheque made payable to "bearer" and one made payable to "order?" What is the effect of crossing a cheque?

Exercise. On 1st Jan., 1901, the Midland Railway Co. were creditors of Messrs. Smith & Lloyd for £15; Poor Rate Authorities for £4 10s.; and Jas. Robinson for £60; while John Jones was a debtor for £40 and Abel Lewis for £60. On the same date Wm. Smith's Cap. A/c. was in credit of £1000, and Tom Lloyd's £1500, in each case the share of profit for 1900 having been previously credited. Open Led. A/cs., and post the following cash transactions. Balance these a/cs. on 31st Jan., 1901, and bring down balances.

Jan. 1.	To John Jones for goods supplied...	£30 2 6	
,, 2.	By Midland Railway Co. (carriage)		£10 17 6
,, 5.	To Wm. Smith (Capital A/c.)	200 - -	
,, 10.	By Poor Rate (Kensington Borough)		4 10 -

Jan. 15.	By Tom Lloyd (Drawing A/c.) ...	£10	- -
,, 20.	By Do. (share of profit for 1900)	250	12 6
,, 25.	To Abel Lewis for goods supplied £45	5 -	
,, 31.	By Jas. Robinson for goods purchased	50	7 6

Royal Society of Arts. (*Stage* 1, 1902).

1. What do I mean when I tell Jones that he "may draw on me at 3 months?" **2.** Give the ruling of a Petty Cash Book, and enter an amount of £5 received by the Cashier on 1st Jan., 1902, and the details of five payments made by him during the rest of the week ended 4th Jan., 1902. **3.** Explain the abbreviations :—"E. & O.E.," "F.O.B." "Per Pro." **4.** On 15th March, 1902, John Jones sent Wm. Smith a cheque for £50, drawn on the New World Bank, Ltd. Draw this cheque so as to afford the best security, should it be lost or stolen. **5.** Give your reasons why you would prefer a £5 Bank Note to a £5 cheque; and why £5 in gold to either.

Exercise. The following items appear in W. Robinson's Books, in the month of Jan., 1902. Post up the Ledger, opening new a/cs. where necessary and bring down the balances of Ledger and Cash Book, as on 31st Jan., 1902. Ledger Balances 1st Jan., 1902 :—

Dr. Stock in Trade	£569	Dr. Cash	£15
,, Tom Turnbull	254	Cr. W. Robinson, Cap....	2000
,, Safe Bank Co., Ltd.	1039	,, Owen Williams	323
,, Furniture & Fittings	650	,, Morgan, Lewis & Co.	204

Dr. **Cash Book** (as kept by Robinson). **Cr.**

1902		Dis	Bank.		1902		Dis.	Bank.	
Jan. 1	To Balance.....		£1039	£1054	Jan.15	By Owen Williams.....	£3	£320	£320
,, 20	,, T. Turnbull	£4	250	250	,, 27	,, Bankers		50	
,, 30	,, W. Smith (loan).....		800	800	,, 31	,, Morgan, Lewis & Co.	4	200	200
					,, 31	,, Robinson (drawings)			25
						,, Wages			30
						,, Warehouse Exs.			5

1902. *Purchases Book.*

Jan. 4th. Owen Williams—350 Bales at 31s. 6d. £551 5

1902. *Sales Book.*

Jan. 5th. Tom Turnbull—220 bales at 38s. ... £418 -

,, 9th. R. Butcher—130 Bales at 37s. 6d. ... £243 15

Royal Society of Arts. (*Stage* 1, 1903).

1. Explain the terms :—"Bank Draft," "Bill of Exchange," "Bad Debt," "Bankrupt." **2.** What is a "Bank Pass Book?" Submit a few imaginary entries to explain how such books are kept. **3.** Explain the meaning of the following phrases at the head of a trader's invoice :—"5% dis. for prompt." "$2\frac{1}{2}$% dis. in a month." **4.** What is a "post dated cheque"? Of what use

is it? **5.** Write up the following items in Petty Cash Book and bring down the balance as on 6th Jan., 1903:—Jan. 1, Received from Head Cashier, £5; Jan. 2, Purchased Postage Stamps, 30s.; Jan. 3, Paid bus fares, 3d.; Jan. 4, Received cash for sale of waste paper, 4s. 10d.; Jan. 6, Bought string, 1s., and brown paper 1s. 8d.

Exercise. Wm. Smith began 1902 with the following balances:

Cash	Dr.	£100	John Green	Dr.	£120
Town Bank, Ltd.	,,	385	W. Smith, Capital	Cr.	1000
Stock in Trade	,,	520	James Ball	,,	125
Purchased Goods from:—			Sold Goods to:—		
James Ball		£110 - -	John Green		£58 5 6
William Paul		48 - -	Edward Parker		21 8 9
Edward Parker		15 14 11	Wm. Peek		121 - -
John Robinson		21 5 6	John Robinson		2 7 5
Returned to Wm. Paul		8 7 6	Returned by Wm. Peek		6 10 6

Post the above items; opening, where necessary, new a/cs. Balance and rule off these Ledger A/cs., and bring down the balances.

Royal Society of Arts. (*Stage* 1, 1904).

1. Explain the terms:—"Dividend," "Discount," "Double-entry," "Distraint," "Drawings." **2.** What is an Invoice? What would you do with Invoices received by a merchant? How would you record their particulars in his books? Give an example. **3.** Sketch a form of Cash Book, which you would recommend to be used by a merchant who has a Banking A/c.; and from whose purchases and sales cash discounts are allowed upon settlement. Enter six debit and six credit transactions. **4.** A tea dealer sells Tea, Coffee, and Sugar to sundry persons on credit. How would you record these sales in his books? Give an example. **5.** What is the essential difference between a Cheque and a Bill of Exchange; and upon what principle are stamp duties levied upon each?

Exercise. On 1st Jan., 1904, John Jones had £500 as his Capital in business while Jas. Green was his debtor for £350, and he owed Wm. Paul £400. He had £450 at his bankers, and £100 in his safe. Open the necessary Led. A/cs., post direct to the Ledger:—Jan. 1, Sold Goods to Wm. Paul, £350; Jan. 4, Purchased goods from J. Robinson, £150; Jan. 7, Purchased goods from Wm. White, £220; Jan. 10, Purchased goods from P. Frean, £140; Jan. 15, Sold goods to Charles Carter, £340; Jan. 20, Sold goods to J. Farlow, £140; Jan. 25, Purchased goods from Wm. Paul, £480; Jan. 31, Returned goods to J. Robinson, £50.

Royal Society of Arts. (*Stage* 1, 1905).

1. Explain the terms:—"Free on rails," "Bearer cheque," "Bill of Sale," "Book Debt," "Voucher." **2.** George Jones buys cotton, value £80, from Robert Brown, and in order to

secure a special discount of 5%, pays prompt cash. Make the entries in George Jones' Cash Book necessary to record this transaction. **3.** What is a Bill of Exchange? Explain the use of a Bills Payable Book. **4.** John Jones desires to remit £100 to his son, who is at Singapore. What would you suggest as the best method of effecting this? Give your reasons. **5.** Sketch a form of Petty Cash Book which you would recommend; enter therein the following items and balance it as on Dec. 6, 1904:—Dec. 1, Balance in hand, £4 13s. 2d.; Dec. 2, Paid office housekeeper, 15s. 2d.; Dec. 3, Purchased Stamps, £3 15s. 6d.; Dec. 4, Received from Cashier, £10; Dec. 5, Received from sale of old desk, 10s. 6d.; Dec. 6, Paid fares 6d., sundries 8d., gum 6d., telegram 8d., total 2s. 4d.

Exercise. Geo. Smith having purchased from Wm. Watson, wine merchant, the assets, including the goodwill of his business, for which he gave £3000 for stocks of wines and spirits, £500 for utensils, bottles and appliances, and £1000 for goodwill, commenced business on Dec. 1st, 1904. He opened an a/c. at the Secure Bank, Ltd., and paid in £2000, representing his working capital. Open the necessary Ledger A/cs. to record the above, and post the following transactions direct to the Ledger. Balance the a/cs. as on Dec. 9, 1904, and bring down the balances:—

Dec. 2. Bought from R. French 3 pipes of port, at £85 per pipe.
,, 3. Bought from C. Clare 50 doz. of sherry, at 90s. per doz.
,, 5. Bought from R. Frost, a bottle-washing machine for £18 10s.
,, 6. Sold to Grand Hotel Co., Ltd., 10 doz. sherry at 108s. per doz.
,, 7. Bought from G. Keen 10 doz. of champagne at 100s. per doz.
,, 8. Sold to R. White 1 pipe of port for £95.
,, 9. Sold to R. Frost 2 doz. of champagne at 110s. per doz.

Royal Society of Arts. (*Stage* 1, 1906).

1. Briefly explain the following terms and abbreviations:—"Credit Note," "Asset," "Personal Ledger," "Contra A/c.," "E. & O. E.," "N.B." **2.** What is the use of a Stock Book? What is meant by "taking stock?" On what principle ought articles in stock to be priced? **3.** What is the difference between a "Private Ledger" and a "General Ledger?" Into what is the General Ledger, for convenience, generally divided? Give the headings of two a/cs. which would appear in each ledger respectively. **4.** What is a "Columnar Petty Cash Book?" Give a ruling of such a book, and make one debit and four credit entries therein **5.** Write up William Brown's Cap. A/c. from the following items:—July 1, 1905, Balance of capital at this date £800. Sept. 30, Paid in £400. Nov. 30, withdrew £720. Dec. 31, Int. on Cap. at 5% per ann. Dec. 31, Net loss for the half year £200. Bring down the balance.

Exercise. On 1 Dec., 1905, H. Lloyd commenced business with a capital of £500 in Cash. On this date he paid the following sums:—Shop Fittings, £50; purchase of goods, £200; one

quarter's rent in advance, £20. Open Ledger a/cs. to record the above; post the following transactions direct to the Ledger; balance the a/cs. as on 31st Dec., 1905, and bring down the balances:—Dec. 2, Sold goods to W. Hunt, £140; Dec. 4, Purchased goods from R. Johnson, £20; Dec. 11, Purchased goods from H. Hall, £150; Dec. 16, Sold goods to E. Jones for cash, £20; Dec. 20, Sold goods to W. Silver, £50; Dec. 21, Received from W. Hunt cash on a/c., £10; Dec. 22, Paid R. Johnson's a/c., less 5% dis.

Royal Society of Arts. (*Stage* 1, 1907).

1. What is the difference between an "Invoice" and a "Statement?" 2. What do you understand by the signs "Dr." and "Cr.?" 3. What is the object of "closing a ledger," and how is it effected? 4. Explain the "Imprest" system of keeping Petty Cash. Give an example. 5. Write up an a/c. with your Bankers, recording the following transactions:—Jan. 1, 1907. Balance to your credit at the Bank £3387 5s. 6d.; Jan. 3. Paid W Smith, £600; Jan. 5. Paid in £218 5s. 7d.; Jan. 12. Paid J. Brown on a/c. £1000; Jan. 19. Paid H. Wilson, £671 3s. 2d.; Paid J. Brown on a/c. £1000; Jan. 26. Paid in £1461 2s. 1d.; Paid J. Brown (balance), £781 2s. 3d.; Jan. 28. Paid H. Shepherd, £81 2s. 8d.; Jan. 31. Paid in £8 10s. 3d. Balance the a/c. and bring down balance.

Exercise. J. Cripps commenced business as a coal merchant on 1st Oct., 1906, with the following assets:—Cash £200; Plant & Fixtures £60, and Horse and Cart £30. He opened an a/c. with the Union Bank, into which he paid his initial capital and all cash received. During October the following transactions took place:—Oct. 3. Purchased coal from the X. Y. Colliery Co., Ltd., £160; 8th. Sold coal to T. Philipps, £20; 12th. Sold coal to J. Hall £110; 15th. Purchased coal from the X. Y. Colliery Co., Ltd., £360; 16th. Received cash from T. Philipps £20; 17th. Received Cash from J. Hall (on a/c.) £80; 24th. Paid cheque to the X. Y. Colliery Co., Ltd., £200. Open Ledger A/cs. and post, direct, the above facts and transactions. Balance these A/cs. as on 31st Oct., 1906, and bring down the balances.

Royal Society of Arts. (*Stage* 1, 1908).

1. What is a Voucher? Briefly describe the system upon which you would arrange vouchers in a business.

2. What entries are necessary in my books to record the fact that A. has become my Creditor for Goods supplied by him to me?

3. In the following account, who owes the £256 5 10, and to whom is it owing:—JOHN JONES in a/c. with WM. SMITH.

1908. Feb. 22. To Welsh Coal supplied by J. Jones' order to S. McNeil, at Glasgow ... £256 5 10

4. Write up a Cash Book recording the following transactions: Balance the account and bring down the balance. 1908. Jan. 1, Balance in hand this day, £217 10s. 1d.; Jan. 3, Paid into Bank, £100; Jan. 4, Received from Tom Smith £69 10s., Dis. 10s. 9d.;

Jan. 7, Received from E. Owen and paid into Bank, £116 1s. 9d.; Jan. 10, Paid one quarter's rent, £30; Paid G. Nash by cheque on Bankers, £151 12s. 10d.; Discount allowed thereon, £4 7s. 2d.

5. On which side of the following accounts should the balance, if any, always be, and why?—Bills Payable, Bills Receivable, Cash.

Exercise. On 1st December, 1907, Charles Dickson commenced business with the following Assets:—Cash at Bank, £500. Cash in hand, £100, and Fixtures, £150. The following transactions took place during December:—Dec. 2nd. Purchased goods of T. Bell, £100. Dec. 3rd. Purchased goods of Black & Co., £80, for cash, and paid him for same. Dec. 9th. Sold to W. Brown goods £50. Dec. 16. Paid T. Bell's a/c. by cheque less 5% discount. Dec. 18th. Sold goods to R. Walters, £10. Dec. 31st. Received of W. Brown cash in settlement of his account, less 2½% discount. Open the necessary Ledger Accounts and post direct the above facts and transactions. Balance these A/cs. as on 31st December, 1907, and bring down the balances.

Royal Society of Arts. (*Stage* 1, 1909).

1. What do you understand by the terms "balance down," "trial balance," and "balance sheet?" What is the chief difference between the last two? Does the term "balance down," closing the debit side of an a/c. mean that the a/c. is in credit, or in debit, and why? **2.** Give a form of Cash Book you would recommend as suitable for recording both cash and bank transactions. Start the book with a balance at the Bank, and draw a cheque in favour of "self," the proceeds of which are to be used in making cash payments. Make six further entries on the debit side, paying all receipts into the Bank, and six further entries on the credit side, three being cash payments and three payments by cheque; balance the cash book and carry down the balances. **3.** On 27th Feb., 1909, John Jones sold Wm. Smith 3lbs. tea at 1s. 9d., 2lbs. sugar at 6½d., 2 ozs. Jordan almonds at 2s. 6d. a lb., 3 tins potted salmon at 5s. 4d. the doz. Make Invoice.

4. On 3rd April, 1908, Thos. Fisher sold Geo. Kent goods value £30 15s. 0d.; on 4th May, Kent paid Fisher £20 5s. 0d. on a/c.; on 30th April, Fisher sold Kent £45 10s. 0d. of goods; on 31st May, Kent paid Fisher £32 10s. 0d. on a/c.; on 4th June Kent returned to Fisher £5 10s. 0d. goods (not being up to sample); on 12th June, Fisher sold Kent £42 8s. 0d. of goods; on 30th June, Kent paid Fisher the balance owing upon the transactions of 3rd and 30th April after deducting 2½% discount together with a further amount of £20 on a/c. As on 30th June, Fisher sent a three months' statement to Kent. Draw the statement so sent. **5.** On 31st May, 1908, Geo. Kent paid Thos. Fisher £32 10s. 0d. He paid this by cheque on the Credit Banking Co., Ltd. Sketch the form of cheque he would use, and "draw" it, making it as secure as you can against loss by theft or mis-chance.

Exercise. On 1st Jan., 1908, J. Ferguson started business as a grocer, and paid £200 into the Union Bank by way of Capital.

On that day goods were delivered by McDonald & Co., to him which he had previously ordered to the value of £50, and for which he paid by cheque, deducting 5% discount for cash. The same day he made "cash sales" amounting to £4 6s. 2d., which he paid into the Bank. On 2nd Jan., he drew and cashed a cheque for £5 for petty cash purposes and purchased for cash 5s. worth of stamps, and 15s. worth of stationery. The cash sales on this day amounted to £1 7s. 7d., which he paid into the Bank, and he also sold goods on credit to Mrs. Murphy, value £2 4s. 6d., and to Mr. Graham, value £1 4s. 4d. On 3rd Jan. he bought further goods from McDonald & Co., value £25 16s. 10d. but this time the purchase was on "credit terms." On 4th Jan., Mrs. Murphy paid £1 on a/c. of the goods supplied to her, and this, together with the Cash Sales for two days, £4 3s. 7d., was paid into Bank. On the same day he supplied goods value £1 16s. 10d., on credit to Mr. Graham, who, at the time of ordering, paid for the goods supplied on 2nd Jan., less 4s. 4d. discount, and this was paid to the Bank. On 5th Jan. he bought goods on credit from W. McNab & Sons, value £14 12s. 8d., and paid McDonald & Co.'s a/c., less 5% discount by cheque. Open Ledger a/cs. and post direct the above transactions, balance the a/cs., and bring down the balances.

Royal Society of Arts. (*Stage* 1, 1910).

1. Give three "business terms" and three "business abbreviations" and explain the meaning of each. **2.** When goods are sent to a customer, what is said to be sent with them (or by an early post), recording the transaction? Give an example. How does this document differ from a "statement?"

3. On 4th Jan., 1909, John Brown purchased goods of Thomas Smith to the amount of £252 4s. 3d. On the 8th Jan., Brown returned £51 2s. 5d. of these goods as being faulty, and sent Smith £50 on a/c. On 15th Jan., Brown purchased of Smith £72 5s. 8d. of goods, and paid him £60 on a/c. On 31st Jan., Smith sent Brown a statement showing the balance owing to Smith, and this Brown paid to him on 1st Feb. How much was this balance? Give a copy of Brown's a/c. in Smith's Ledger recording the above transactions. **4.** Explain the meaning of the word "discount." In what books of a trader do records of discounts usually appear?

5. Write up a Bank A/c. recording the following :—1st Dec., 1909, balance at my bank, £3215 14s. 1d. 2nd Dec., drew cheque for self, £25. 4th Dec., paid in £9634, received from W. Porter. 6th Dec., drew cheque for T. Kerr, £161 10s. 6th Dec., E. Milner paid into my Bank A/c., £864. 10th Dec., drew cheque for J. Coleman, £10000. 15th Dec., drew cheque for Black & White, £241 6s. 3d. 24th Dec., drew cheque £50, for rent, and paid into Bank £91 6s. 8d. received from H. Jackson. 31st Dec., drew cheque £25, for self. Paid into Bank, £51, received from Duff Bros. Interest allowed on the a/c. by the Bank, £18 9s. 3d., and commission charged, £1 2s. 3d. Balance the a/c. and bring down balance.

Exercise. James Cripps started business as a Coal Merchant on 1st July, 1909, paying (as his capital) to his Bankers, £250; purchasing, for £50, a horse and van from Timothy Toogood, and 60 tons of coal at 11s. 6d. from the Stiff Colliery Co., Ltd., On 2nd July he sold 15 cwt. of coal at 1s. per cwt. for cash.

On 3rd July he sold 12 cwt. of coal at 11d. per cwt. for cash, and 5 tons at 19s. a ton to Miss Graham on credit. He paid the Stiff Colliery Co., Ltd. (by cheque) £25 on a/c., and drew a cheque for £1 for Petty Cash.

On 4th July he sold 14 cwt. of coal at 1s. 1d. per cwt. for cash, and 2 tons at 19s. 6d. per ton to Mrs. Smith on credit. He received and paid into his Bank a cheque from Miss Graham, in payment of her account, less 10s. allowed for short weight.

On 5th July he sold 20 tons of coal at 18s. 6d. a ton to A. Evans, and received from him £10 on a/c., which he paid into his Bank. He sent the Stiff Colliery Co., Ltd., a cheque in settlement of their a/c., less 2½% dis. On 6th July he paid T. Toogood £50 by cheque.

Open Ledger A/cs. and post the above *direct* thereto. Balance the a/cs. and bring down the balances.

Royal Society of Arts. (*Stage* 1, 1911).

1. Explain the meaning of the following terms and abbreviations :—Gross profit, Solvency, Drawings, B/E., f.o.r., dis.

2. The cheque set out below was sent to Colston & Co., by post :—

No. D. 39654. London, *20th January,* 1911.

Lloyd's Bank, Limited.

Pay *Messrs. Colston & Co.* .....or order

Twenty-eight pounds ten shillings and sixpence.

£28 10s. 6d. *Robert Radford & Co.*

What are cheques of this kind called? How could Radford & Co. have made the cheque more difficult to cash in the event of its being stolen? and explain why. Who are the payees of the cheque, and who are the drawers?

3. Sketch the "three column" Cash Book of George Griffiths, write in it the following, and balance it on the 7th Jan., 1911 :—

Jan.	2.	Cash in hand £4 18s. 6d. at bank	£348	12	10
,,	3.	Drew from the Bank for office cash	30	-	-
,,	4.	Paid Great Eastern Railway, in cash	1	12	6
		Paid Peter Jones by cheques £28 4 1, Dis....	1	15	11
,,	5.	Received from B. Gregory & Co., Ltd., cheque in settlement (less 15s. 6d. dis.), which was paid into Bank	49	4	6
,,	6.	Paid from office cash, wages	8	12	6
		Cashed cheq. for customer ; paid it into Bank	12	-	-
,,	7.	Received in cash from B. Bolton	1	2	6

4. Henry Holcombe & Co. purchased four bales of Oxford shirtings from Charles Cobourne, of Bradford, on 2nd Feb., 1911, at £16 per bale. On delivery of these goods one bale was found to be damaged; it was therefore returned to C. Cobourne on 4th Feb. Give the ruling of the books in which Holcombe & Co. would record these transactions, and make the necessary entries. **5.** George Jennings, a trader, upon commencing business, purchased a Cash Book, a Journal, and a Ledger. He gave his clerk instructions that all cash transactions were to be entered in the Cash Book, and that all his credit sales and purchases were to be passed through the Journal. If you do not approve of G. Jennings' action, what course would you recommend.

Exercise. On 2nd Jan., 1911, Charles Baines commenced business by paying his capital of £500 into the Union Bank Ltd. Transactions for the month :—

Jan. 3.	Purchased cottons on credit from P. Burford	£84	10	1
	Purchased silk from W. Walker & Co., on credit	74	1	10
,, 4.	Bought of B. Burns, velvet on credit, less 10% trade discount	102	-	-
	Drew from Bank for Petty Cash purposes	10	-	-
,, 5.	Sold Richd. Leicester & Co., silk £62 10s., velvet	75	8	-
,, 6.	Purchased postage stamps out of Petty Cash	-	5	-
	Paid trade expenses, by cheque	8	6	2
,, 7.	Received from R. Leicester & Co., cheque for the amount of their a/c., less 5% cash dis.			
,, 10.	Paid salaries, by cheque	10	-	-
,, 18.	Purchased on credit, from R. Hampton, tweed	65	8	6
,, 20.	Returned tweed, damaged, to R. Hampton...	6	10	-
,, 21.	Paid Paul Burford on account	50	-	-

Open ledger a/cs., and post. Balance the a/cs., and draw T.B.

Royal Society of Arts. (*Stage* 1, 1912).

1. Explain the meaning of the following :—Account Current, Credit Note, Rebate, F.O.B., C.I.F., A/S.

2. How many parties are there to an "order" cheque, and who are they? Is it necessary to stamp a cheque; if so, what is the value of the stamp required, and how does it differ from the stamp necessary for a Bill of Exchange?

3. Prepare a Columnar Petty Cash Book upon the Imprest System, record the undermentioned transactions, and bring down the balance. 1911. Dec. 31, Cash in hand, £5 3s. 7d.; 1912. Jan. 1, Recd. amount necessary to make up the imprest to £10; Jan. 2, Bought postage stamps, £1 10s., Paid Carr. on Parcel, 3s. 7d.; Jan. 3, Paid travelling expenses, 11s. 10d.; Jan. 4, Bought packing materials, £1 3s. 6d.; Bought Stationery, 4s. 8d.; Jan. 5, Paid wages to odd man, 6s.; Jan. 6, Bought job line of goods for cash from H. Saunders, £1 15s.

4. William Jones received the following letter from his customer, Robert Brown, on 6th Jan., 1912 :—"I beg to advise you that I have this day paid into your account at the Union Bank the sum of £19 in settlement of my a/c., less 5% discount. Please return for cancellation the 3 months' bill for £20 accepted by me on 29th Dec., 1911." On 7th Jan., the Union Bank advised Jones that his a/c. had been credited with £19 as above. Jones therefore returned the bill for £20 to Brown as requested. Show the entries necessary to record the above transactions in Jones' books.

5. To what Ledger A/cs., and on which side, would you expect to find the following transactions posted :—(*a*) Drew cheque for weekly wages £160 ; (*b*) Drew cheque for new printing machine £650 ; (*c*) Received cheque from R. Robinson, in settlement of his a/c. (less 5% discount) £47 10s.

Exercise. John Miller commenced business, as a draper, on 3rd July, 1911, with £250 at the Bank, £3 cash in hand, and stock, £300. The Stock had not yet been paid for, having been obtained on credit as follows :—J. Beale & Co. £110, F. Hall & Sons £60, Thomas Fisher £90, and Hugh Jones, Ltd., £40. Miller also possessed Furniture, Fixtures and Fittings valued at £70. Open Miller's Ledger and post, through the subsidiary books, to it, his transactions, as follows :—July 3, Paid Cash for stamps, 5/-, and stationery, 6/8 ; Purchased from J. Beale & Co., 120 yds. of flannelette at 4/3 per doz. yds., on credit ; July 4, Purchased from F. Hall & Sons, 600 yds. of shirting (240 yds. at 8/3 per doz. yds., and 360 yds. at 10/9 per doz. yds.), on credit ; July 5, Bought, for Cash, brown paper and string, 15/- ; Banked Cash Sales for the 3rd and 4th July, £27 10s. ; July 6, Banked Cash Sales for the 5th July, £16 5s. ; Paid by cheque, J. Beale & Co. on account, £30 ; Paid by cheque, Hugh Jones A/c., less 2½% dis. ; July 7, Paid by Cash, carriage, 13/6 ; July 8, Sold to Miss H. Hayman, on credit, 10 yds. sheeting at 1/5 per yd., 1 doz. reels of assorted cottons for 2/3, 2 pairs of lace curtains at 16/11 per pair ; July 8, Received credit note from F. Hall & Sons for 8 yds. of shirting at 10/9 per doz. yds., which were damaged in transit and returned to Hall ; Banked Cash Sales for 6th and 7th July, £32 15s. ; Drew and cashed cheque for £10, and paid wages, £7 5s. Balance the a/cs., bring down balances, and extract a T.B.

Royal Society of Arts. (*Stage* 1, 1913).

1. Explain the meanings of the following terms and abbreviations :—Book Debts, Voucher, Per Cent., R/D., p.a., Net. **2.** Briefly explain the uses of the following commercial documents : (*a*) An Invoice. (*b*) A Statement. (*c*) A Credit Note. Give a specimen form of each document (write two entries), assuming that John Johns is a customer of William Walter & Co., Ltd.

3. The following is a statement of a Trader's Credit Sales and Credit Purchases and Returns (Inwards and Outwards). Enter the transactions in the proper books of original entry and show

the totals of each. *No posting to Ledger A/cs. to be done.* 1913. Feb. 3, Bought from F. Grace, 2 doz. Pocket Knives at 4s. 6d. each; Sold to J. Abel, 1 doz. Photo Frames at 1s. each; Sold to J. Shrewsbury, 6 doz. Dessert Knives at 20s. per doz., less 5% trade dis.; Received from B. Briggs, 1 case of Carvers 25s., returned damaged; Feb. 4, Bought from G. Mead, 2 doz. Silver Photo Frames at 5s. 6d. each, less 10% trade dis.; Returned to N. Hurst 1 doz. pairs of Scissors at 18s. per doz., being the wrong size; Feb. 5, Sold to W. Humphreys, ½ doz. Razors at 3s. each, and charged him carriage on same, 6d.; Sold to L. Townsend, 2 cases of Fish Knives and Forks at £2 per case; Returned to F. Grace, ½ doz. Pocket Knives at 4s. 6d. each, being of poor quality; Feb. 6, Bought from B. Lilley, 2 doz. Glass Match Stands, Silver Mounted, at 6s. each; J. Abel returned ½ doz. Photo Frames at 1s. each, not ordered; Feb. 7, sold to J. Hearne 3 doz. Pocket Knives at 30s. per doz., less 5% trade dis.; Sold to V. Gunn, ½ doz. Glass Match Stands, Silver Mounted, at 8s. 3d. each; Feb. 8, Bought from L. Spooner, 6 cases of Fish Knives and Forks at £3 per case, less 10% trade dis.

4. On Jan. 1, 1913, Middlemiss & Turnbull, London, sent to S. Macgregor, Manchester, for acceptance, a Bill of Exchange for £100, dated Jan. 3, 1913, and payable 3 months after date. S. Macgregor accepted the draft and made it payable at his Bankers, the Staple & Stedfast Banking Co., Ltd., Stockport. Show the form of the Bill as it would appear when returned to Middlemiss & Turnbull, and state who is the Drawer and who the Drawee, and give the date when the Bill will mature.

5. A Firm's book-keeper had, during the month of Jan., 1913, entered Returns Inwards and Outwards in the Purchases Book and Sales Book respectively, and the monthly totals of each had been posted to the Purchases and Sales A/c. in the Ledger. What entries should be put through the books to rectify these mistakes, assuming that the Returns Inwards for the month amounted to £40, and the Returns Outwards to £30?

Exercise. Charles Ross & Augustus Webb, trading in partnership as Furniture Dealers, had £400 each standing to the credit of their Capital A/c. on 1st. Jan., 1913. The other balances were:—*Debit Balances*: Stock £813, F. Larner £62, N. Sturgess £49, Cash at Bank, £113, Cash in hand £10, Furniture & Fittings £45. *Credit Balances*: F. Hammond £134, L. Yates £81, E. Bridge £77. Open Ross & Webb's Ledger with the above, and post thereto, through the proper books of original entry, the following:—Jan. 1, Sold to F. Larner, on credit, 6 Windsor Smoking-room Chairs at 18s. 6d. each; Sold for Cash, 1 Occasional Table for £1 1s.; Jan. 2, Bought for Cash, Stationery, £1 5s.; Paid Window Cleaner, 5s. in Cash; Bought of L. Yates, on credit, 1 Walnut Hall Stand, £3; Jan. 3, Received cheques from the following, which were paid into the Bank:—F. Larner, £50 on a/c.; N. Sturgess, balance of his a/c., less 5% dis.; Jan. 4, Drew and cashed Cheque, £15; Paid Wages,

£7 10s. (including Insurance Stamps) in Cash; Each Partner withdrew £3 10s. in Cash for private purposes; Jan. 6, Sold for Cash, 1 Bedroom Suite, £15; Paid into Bank, £10; Jan. 7, Sent Credit Note to F. Larner for allowance of 6d. each on 6 Windsor Smoking-Room Chairs; Drew cheques for the following:—F. Hammond, £50 on a/c.; L. Yates, £30 on a/c.; E. Bridge, the amount of his a/c., less 5% dis.; Jan. 8, Paid Rent by Cheque, £25; Paid Gas A/c. by Cash, £7 13s.; Balance the Ledger A/cs., bring down the Balances, and extract a Trial Balance as on Jan. 8th, 1913.

The **NATIONAL UNION** of **TEACHERS** holds examinations in the usual three stages of Book-keeping in March or April, the entrance fee for the Elementary stage being 3/-. The scope of the Elementary examination is quite reasonable and compact, as may be gathered from a perusal of the following Papers. A copy of the Syllabus may be obtained from the *Secretary, Hamilton House, Mabledon Place, Euston Road, London W.C. 1,* for 3d.

National Union of Teachers. (*Elementary,* 1908).

1. How is the Net Profit or Loss arrived at from a set of books? If the totals of P. & L. A/c. were £60 Dr. and £100 Cr., would you call the balance a profit or a loss. **2.** What do you understand by Ledger, Bought Ledger, Sold Ledger, Customer's Ledger? **3.** Tell the state of John Brown's business from the following particulars, which you are to set out in proper form:—James White, Thomas Black, and Henry Green owe him £150, £280, and £390 respectively. He owes Walter Williams £240, John Jenkins £410, and Philip Parkes £500. In addition he has Cash in hand £20, and Goods on hand £160.

Ex. On 1st Jan., 1908, the state of Henry Flint's business was as follows:—Cash in hand £350 12 6. Goods on hand £410. Debtors:—A. Berks £100 7 6, B. Devon £75 5 -, C. Kent, £320 15 -. Creditors:—D. Lancs £225 5 -, F. Yorks £80 15 -. Enter, post, prepare T.B., and make out P. & L. A/c., and B/S.

Jan.	1.	Paid Salaries	£25	10	-
,,	2.	Paid Rent	30	5	-
,,	4.	Received Cash of C. Kent £217; allowed Dis.	3	15	-
,,	6.	Paid for Stationery	2	12	6
,,	7.	Sales to C. Kent	131	10	6
,,	8.	Recd. Cash for Bad Debt previously written off	15	10	9
,,	9.	Bought Goods of D. Lancs	50	-	-
,,	10.	Received Cash of A. Berks	75	-	-
		Wrote off Balance on his A/c. as a Bad Debt	25	7	6
,,	11.	Cash Sales	75	10	-
,,	13.	Cash received from C. Kent	100	-	-
,,	14.	Paid Wages	10	7	6
,,	15.	C. Kent bought Goods	41	9	6
,,	16.	Cash Purchases	68	10	4
,,	17.	Paid D. Lancs Cash £124; Dis. allowed £1 5	125	5	-

Jan. 18.	F. Yorks purchased Goods	£30	-	-
,, 20.	Cash recd. of B. Devon £74; Dis. allowed £1 5	75	5	-
,, 21.	Purchases from G. Notts	128	18	6
,, 22.	Paid F. Yorks Cash £49; Dis. allowed £1 15	50	15	-
,, 23.	Sales to B. Devon	112	2	3
,, 24.	Paid Cash to D. Lancs £98; Dis. allowed £2	100	-	-
,, 25.	Paid Wages	10	7	6
,, 28.	B. Devon bought Goods	35	-	-
,, 29.	Bought Goods of F. Yorks	76	4	6
,, 31.	Drew Cash for private purposes	20	-	-
,, 31.	Interest on Capital	4	10	-
	Goods on hand £366 - 4d. (*Cash Bal.* £469 - 5d.).			

National Union of Teachers. (*Elementary*, 1909).

1. Give the meanings of the following :—Account, Commission, Posting, Solvent, Sterling, Voucher. **2.** Rule a model Sales Book, and enter two of the following items to each of two names (and dates) of your own choice :—6 gross buttons at 5d. per doz.; 20 yds. silk at 10/6 yd.; 5 doz. hats at 2/6 each; 90 ties at 21/- per doz. **3.** Each day, from Monday to Saturday (six days), a costermonger bought 17/6 worth of fruit. His takings were 23/- daily. On Saturday night he reckoned he had 2/6 worth of fruit left. Make out an A/c., showing his profit for the week.

Ex. On 1st Jan., 1909, the state of Francis Fair's business was as follows:—Cash in hand £365, Goods on hand £420. Debtors:—B. Best £115; D. Dean £80; K. Kew £315. Creditors:—L. Lord £205; Y. Young £90. Enter, post, prepare T.B., and balance.

Jan. 1.	Paid Rent	£25	-	-
,, 2.	Recd. of K. Kew £197 10 -; Dis. allowed £2 10 -	200	-	-
,, 4.	Paid Water Rate	5	5	-
,, 6.	Sales to K. Kew	120	15	6
,, 7.	Recd. Cash for a Bad Debt written off last year	24	12	8
,, 8.	Bought Goods of L. Lord	65	10	6
,, 9.	Received Cash of B. Best	102	12	6
	Wrote off the balance of his debt as bad	12	7	6
,, 11.	Cash Sales	90	3	4
,, 12.	Cash Purchases	70	13	4
,, 13.	Recd. Cash of K. Kew £113 12 6; Dis. allowed £1 7 6	115	-	-
,, 14.	Pd. L. Lord Cash £146 5 -; Dis. allowed £3 15 -	150	-	-
,, 15.	K. Kew bought Goods	32	8	4
,, 16.	Paid Wages	8	15	-
,, 18.	Y. Young purchased Goods	35	7	6
,, 19.	D. Dean paid me £78 8 -; Dis. allowed £1 12	80	-	-
,, 20.	Purchases from N. Nash	136	10	-
,, 21.	Paid Y. Young Cash £53; Dis. allowed £1 12 6	54	12	6
,, 22.	Sales to D. Dean	120	13	4
,, 23.	Paid Wages	8	15	-
,, 25.	Paid L. Lord Cash £53 12 6; Dis. allowed £1 7 6	55	-	-

Jan.26.	D. Dean bought Goods	£24	16	8
,, 27.	Paid N. Nash Cash £35: Dis. allowed £1 10 -	36	10	-
,, 28.	Y. Young sold me Goods	85	10	9
,, 29.	Drew Cash for Self	25	-	-
,, 30.	Paid Salaries	35	-	-
,, 30.	Interest on Capital	4	3	4
	Stock on hand £495. (*Cash Bal.* £505 13 2).			

National Union of Teachers. (*Elementary*, 1910).

1. If you were a clerk in an office, and somebody brought you the Purchases Book and told you to post it, describe fully what you would do. **2.** John Baker, merchant, had cash in hand £100 and goods on hand £200. His creditors were :—B. Black, £130; G. Green, £250; W. White, £120. His debtors were :—B. Bray, £50, and M. May, £80. Make out a B/S. and say what it tells you about the state of his business. **3.** Open a ledger a/c. for Geo. Scott. Debit him with balance £20. Charge him £1 interest. Credit him with cash £15 and goods £20. Debit him with goods £40 and charge him £2 carriage. Balance his a/c., bring down the balance, and say whether he or you must pay it.

Ex. On 1st Jan., 1910, the state of George German's business was as follows :—Cash, £420; Goods, £510. *Debtors* :—A. Ayres, £120; B. Baird, £75; C. Cass, £250. *Creditors* :—D. Dan, £145 and E. Euston, £55. Find and credit Capital. Enter the transactions in suitable books, post, draw out T.B., balance and make out P. & L. A/c. and B/S.

Jan. 1.	Received Cash of A. Ayres	£104	12	6
	Wrote off his Balance as Bad Debt	15	7	6
,, 2.	Recd. Cash of C. Cass	147	17	6
	Allowed him dis.	2	2	6
,, 3.	Paid for Stationery	2	13	4
,, 4.	Cash Sales	95	4	6
,, 5.	Cash Purchases	85	3	4
,, 6.	Sold Goods to C. Cass	145	10	4
,, 8.	Paid Wages	7	15	6
,, 10.	Purchased Goods of D. Dan	75	10	8
,, 11.	Received Cash for a Bad Debt written off...	25	5	-
,, 12.	Paid for Painting Premises	10	3	6
,, 13.	Drew Cash for Self	15	-	-
,, 14.	Charge B. Baird int. on his overdue a/c....	1	1	6
,, 15.	C. Cass paid me Cash	98	13	4
	Allowed discount	1	6	8
,, 17.	Cash paid to D. Dan, £107 12s. 9d. Dis....	2	7	3
,, 18.	Sales to C. Cass	47	15	2
,, 19.	E. Euston bought Goods	32	10	9
,, 20.	Received Cash of B. Baird	76	1	6
,, 21.	F. France sold me Goods	160	7	6
,, 22.	Paid E. Euston Cash, £20 10s. Dis. in addition	1	19	3
,, 22.	Paid Wages	7	15	6

Jan. 24.	Sales to B. Baird	£110	10	8
,, 25.	Pd. D. Dan Cash, £33 18s. 6d. Dis. in addition	1	1	6
,, 26.	Bought Goods of E. Euston	130	15	6
,, 27.	B. Baird purchased Goods	34	9	4
,, 28.	Pd. F. France Cash, £58 10s. He allowed dis.	1	10	-
,, 29.	Paid Salaries	32	17	6
,, 31.	Interest on Capital	5	-	-

Goods on hand, £482 13s. 9d. (*Cash Bal.* £585 14s. 5d.).

National Union of Teachers. (*Elementary*, 1911).

1. Rule a model Petty Cash Book. Enter £10 Cash in hand. Pay for six different items of expense, and balance your books for commencing the next period. **2.** When a merchant keeps his books by Single Entry he neglects to keep certain a/cs. Which are they? Explain how he finds the profit he has made during the year.

Ex. On 1st March, 1911, Samuel Sparrow, Merchant, had Cash, £360 10s. 6d.; Goods, £450 15s. *Debtors*:—James Crow, £220 12s. 6d.; Thomas Finch, £150 17s. 6d.; John Jay, £270 4s. 6d. *Creditors*:—Louis Lark, £180 17s. 9d.; Robert Rook, £200 2s. 3d. Find and credit his capital. Enter in suitable books, post, draw out a T.B., balance the a/cs., and make out a P. & L. A/c. and B/S.

Mar. 1.	Samuel Sparrow drew Cash for self	£20	-	-
,, 2.	Received Cash from J. Crow, £210; Dis.	10	12	6
,, 3.	Paid for Postages	1	7	6
,, 4.	Cash Purchases	210	5	3
,, 6.	Sold Goods to J. Crow	175	6	8
	Charged him for carriage pd. on above Goods	1	13	4
,, 7.	Received Cash of T. Finch £147; Discount	3	17	6
,, 8.	Paid Rates	4	15	-
,, 9.	Cash Sales	130	2	6
,, 10.	T. Finch bought Goods	180	13	4
,, 11.	Sales to L. Lark	50	-	-
,, 13.	Paid L. Lark Cash £127; Received discount	3	17	9
,, 14.	Sales to H. Robin	135	11	8
,, 15.	Purchases from L. Lark	215	10	6
,, 16.	Paid R. Rook Cash £195; Received discount	5	2	3
,, 17.	Received Cash from H. Robin	35	11	8
,, 18.	J. Crow bought Goods	28	10	-
,, 20.	R. Rook sold me Goods	165	6	-
,, 21.	Recd. Cash of John Jay in full settlement	255	10	-
	Wrote off his balance as Bad Debt	14	14	6
,, 22.	Bought Goods of Charles Wren	54	2	6
,, 23.	Received Cash for a Bad Debt written off two years ago	27	15	-
,, 24.	Purchased from R. Rook	45	10	2
,, 25.	Paid R. Rook Cash	100	-	-
,, 27.	Received Cash from J. Crow	77	-	-
,, 28.	Paid Wages	16	17	6
,, 29.	Paid Rent	25	-	-
,, 31.	Interest on Capital	4	10	-

Stock on hand, £529 14s. 9d. (*Cash Bal.* £541 11s. 1d.).

National Union of Teachers. (*Elementary*, 1912).

1. What is meant by an entry, a posting, a debit, a balance, an account, a sales ledger, a limited company? **2.** In space No. 20 of your Ledger make out a model Profit & Loss A/c. showing a balance of £150 profit. The a/c. should show three different items of loss and two items of profit.

Ex. On 1st Jan., 1912, Henry Hart had Cash in office, £120; Cash at Bank, £425 12s. 6d.; Goods on hand, £550 10s. *Debtors*:—A. Allen, £210 15s. 6d.; B. Best, £360 4s. 6d.; C. Crane, £120 7s. 6d.; D. Dare, £175 10s. *Creditors*:—E. Eley, £130 6s. 8d.; F. Fish, £280 13s. 4d. Find and credit his Capital. Enter in suitable books, post the Ledger, draw a T.B., balance the a/cs., and make a Profit & Loss A/c. and B/S.

Jan. 1.	Charge A. Allen interest on his overdue a/c.	£1	1	8
	Purchased Goods with Cheque	215	7	6
,, 2.	Recd. Cheque in full discharge of Dare's a/c.	153	11	3
	Wrote off his balance as Bad Debt			
,, 3.	Received Cheque from A. Allen	211	17	2
,, 4.	A. Allen bought Goods of me	180	12	6
	Paid Charges for him from Office Cash	1	7	6
,, 5.	Received Cheque from A. Allen	82	-	-
,, 6.	Sales to A. Allen	57	3	4
	Paid Wages from Office Cash	4	10	-
,, 8.	B. Best sent his cheq., £351; allowed Dis.	9	4	6
,, 9.	Sold Goods to B. Best	250	10	2
	Paid Rent with Cheque	20	-	-
,, 10.	Purchases from C. Crane	25	10	-
,, 11.	Recd. Cheque from C. Crane, £90 10 6; Dis.	4	7	-
,, 12.	C. Crane bought Goods	110	8	4
,, 13.	Paid Rates with Office Cash	6	3	4
	Received a Cheque for Goods	150	6	8
,, 15.	Received Cash for a Bad Debt	16	5	-
,, 16.	Posted a Cheque to E. Eley, £127 10s.; Dis.	2	16	8
,, 17.	Bought Goods of E. Eley	155	7	6
	Drew Cheque for self	25	-	-
,, 18.	Drew a Cheque for E. Eley	105	7	6
,, 19.	E. Eley sold me Goods	140	13	4
,, 20.	Paid Wages with Office Cash	4	10	-
,, 22.	F. Fish bought Goods	130	-	-
,, 23.	Posted Cheque to F. Fish, £147 6 8; Dis.	3	6	8
,, 24.	Purchases from F. Fish	245	4	10
,, 25.	Bought Goods from K. King	78	2	6
,, 26.	Sent King a Cheque for half cost of Goods	39	1	3
,, 27.	L. Lane bought Goods of me	120	1	3
,, 29.	Sent Cash to Bank	100	-	-
,, 31.	Interest on Capital	6	13	4

Goods on hand, £241 3s. 8d. (*Cash Bal.* £19 14s. 2d.; *Bank Bal.* £885 5s. 2d.).

National Union of Teachers. (*Elementary*, 1913).

1. Explain: cheque, insurance, commission, bankrupt, insolvent, composition. **2.** A friend in a merchant's office tells you that he keeps a sales ledger. Give a short account of his daily work. **3.** A merchant examines some of his books and notes that the Cash Book is £50 in debit. John Brown's a/c. is also £50 in debit, but Discount a/c. is £50 in credit. Say exactly what these figures mean.

Ex. On 1st Jan., 1913, Z. Zeno had Cash in office, £69; Cash at bank, £535 7s. 6d.; Goods on hand, £650 12s. 6d. Debtors: Q. Quick, £325 10s.; R. Rich, £450; S. Saint, £265 10s. Creditors: T. Turk, £175 13s. 4d.; U. Ure, £100 6s. 8d.; V. Vine, £220. Find and credit his Capital. Enter the transactions in suitable books, post to the Ledger, draw out a Trial Balance, balance the a/cs., and make a Profit & Loss A/c. and B/S. (*N.B.—All cheques are to be passed through the bank same day*).

Jan. 1.	Recd. cheque from Q. Quick, £315 5s.; Dis....	£10	5	-
,, 2.	Charge R. Rich interest on his account	3	15	-
,, 3.	R. Rich bought goods	215	7	6
,, 4.	Paid Wages—Office Cash	8	7	6
,, 6.	Sales to Q. Quick	180	12	6
,, 7.	Received Cheque from R. Rich	453	15	-
,, 8.	Paid Gas A/c.—Office Cash	7	10	-
,, 9.	Recd. Cheque from Q. Quick, £177 12s. 6d.; Dis.	3	-	-
,, 10.	Received Cheque from the trustee of S. Saint in full discharge of his a/c., £232 6s. 3d.; Wrote off balance as Bad Debt	33	3	9
,, 11.	Paid T. Turk Cheque, £171 6s. 8d.; Discount	4	6	8
,, 13.	Q. Quick purchased Goods	190	10	6
,, 14.	Received Cheque from R. Rich	107	13	9
,, 15.	T. Turk sold us Goods	150	7	6
,, 16.	Sent Office Cash to Bank	20	-	-
,, 17.	Purchases from T. Turk	275	17	6
,, 18.	Paid Wages—Office Cash	8	7	6
,, 20.	Drew a Cheque for U. Ure, £97 3s. 4d.; Dis.	3	3	4
,, 21.	Received a Cheque for Goods	80	6	8
,, 22.	Drew a Cheque for T. Turk, £147 10s.; Dis.	2	17	6
,, 23.	Purchases from U. Ure	180	10	6
	Sales to W. Ware	270	15	-
,, 24.	Recd. cheq. for Bad Debt written off last year	35	-	-
,, 25.	Sales to V. Vine	112	7	6
	Received W. Ware's Cheque	135	7	6
,, 27.	Paid Water Rate with Office Cash	4	18	-
,, 28.	Drew a Cheque for V. Vine, £104 10s; Dis.	3	2	6
,, 29.	Bought Goods from V. Vine	265	12	6
,, 30.	Drew Cheque for Clerks' Salaries	35	-	-
,, 31.	Z. Zeno drew Cheque for self	25	-	-
	Interest on Capital	7	10	-

Goods on hand, £606 7s. 7d. (*Cash Bal.* £19 17s., *Bank Bal.* £1512 4s. 2d.).

BILLS OF EXCHANGE.

131. Payments in coins, notes, and cheques, are not the only methods adopted in the commercial world for the transfer of money. **BILLS OF EXCHANGE** or **DRAFTS,** which are stamped promises to pay a sum of money on a given date, play an important part in the transactions of modern business. A Bill of Exchange is an instrument intended to enable a creditor who has funds in the hands of a debtor to **transfer** them, or a part of them, to himself or to a third party. These documents are the means of expanding or contracting credit to meet the varying demands of trade and are usually employed (*a*) where it is inconvenient to make immediate or direct payment of cash; or (*b*) in order to observe the custom of some particular trade.

132. **During** the **course** of your **business** life you may wish to make a purchase of goods and to take advantage of the state of the market just at a time when you have not at your command sufficient cash for the purpose. Knowing full well, however, that a few months hence you will have ample cash, and not wishing to miss the chance of making a bargain you propose to purchase from Merchant & Co., goods to the value of £200. You inform that firm of your inability to pay for the goods at once, but relying on your trustworthiness, they invoice you the goods, and draw a three months' bill, which you accept, thereby promising to pay the £200 at the expiration of that period. The discount which Merchant & Co. might have allowed you for prompt cash payment, is, of course, forfeited.

133. The chief **advantages** of a B/E. are :—**(1)** It is a convenient method for the **transfer of debts** and a perfect mechanism for the settling of credit transactions; the trouble, risk and expense of transmitting coin or notes being avoided, as a bill is generally discharged through the medium of the banks. **(2)** It is a **legal acknowledgment,** and not a mere record of a debt, whereby the exact amount is stated and the exact

time of payment is fixed, thus ensuring punctual payment from otherwise dilatory customers. **(3)** It is a **negotiable instrument** and **exchangeable for cash,** working capital being thereby increased. A creditor may have thousands of pounds of *book debts* and still be financially embarrassed; but if he can arrange for some of his debtors to discharge their indebtedness by B/E. he will then be able to gain financial relief by negotiating—cashing—some of the bills. Merchant & Co. could deal with your bill in three ways : (*a*) retain it until it became due, (*b*) transfer it by endorsement to a creditor, (*c*) discount it, *i.e.,* they could obtain the value of the bill before the expiration of the three months from a banker or bill broker, subject to the deduction of a small discount. **(4) Prompt legal recovery** in case of dishonour—non-payment. Should you fail to pay the amount when due it would not be necessary for Merchant & Co. to commence an action against you for the *price of goods supplied,* but simply for payment of the *amount, interest and expenses* of the dishonoured bill—the fulfilment of your promise to pay. If you raised any pleas, as to non-delivery of goods, short weight, inferior quality, excessive price, &c., they would all be of little avail in the face of your written promise to pay the amount, which legal acknowledgment would be taken as almost conclusive evidence of your indebtedness. **(5)** It gives you, the debtor, **time** to convert the goods purchased into money, and thus enables you to provide the **cash** to discharge the B/E. when it becomes due.

134. A BILL OF EXCHANGE (B/E.) according to the Bills of Exchange Act, 1882 (45 and 46 Vict., chap. 61), "is an unconditional order in writing, addressed by one person to another, signed by the person giving it, requiring the person to whom it is addressed to pay on demand, or at a fixed or determinable future time, a sum certain in money to or to the order of a specified person, or to bearer." An instrument which does not comply with these conditions, or which orders any act to be done in addition to the payment of money is not a B/E. A Bill payable on marriage would be invalid, as the event may never happen;

while one payable on death is valid. There are two kinds of Bills :—**Inland** and **Foreign**; the former being those both drawn and payable in the British Islands, which include the Channel Islands and the Isle of Man.

EXAMPLE OF DRAFT.

No. 1. **£200.** *HUDDERSFIELD 18th August,* 1907.

Impressed Stamp Two Shillings.

THREE MONTHS after date, pay to our order TWO HUNDRED POUNDS, value received.

To Mr. Albert Pupil,
113 New Street, Leeds.

MERCHANT & CO.

135. It is usual for the **Drawer** to **consult** his own **convenience** as to how he shall direct the drawee to pay the money :—(1) at what time; (2) at what place; (3) to whom. For instance, the bill may be payable : (1) at sight, six months after date or after sight; (2) in London, or at the Union Bank; (3) to the drawer, to a third party, or to a bearer. In practice there are **five essentials** in **drafting** a bill, which is generally done by filling up either a blank *bill stamp,* or a lithographed form already *impressed* with a stamp sufficient in value to cover the stamp duty payable thereon.

1. The Date should be so clearly written at the top right-hand corner of the draft that it cannot be easily altered, as the term or period of the bill generally commences to run from the date. A bill issued undated is not invalid, and any holder may insert the true date, or what he believes to be the true date, and the bill is then payable accordingly.

2. The Term (*Three months after date*), sometimes called the Currency or Tenor of a bill, is the period intervening between the date upon which the bill is drawn and that upon which the amount becomes due.

3. The Amount (known as the **contents** of a bill) should be accurately stated at the top left-hand corner in figures, and in the body of the draft in words.

4. The Parties necessary to every bill, number three, though sometimes the functions of two of these parties are performed by the same person. They are called the **Drawer,** the **Drawee,** and the **Payee.**

(a) The **Drawer** is the party who writes out or drafts the bill, which he signs at the foot, as *Merchant & Co.* The Drawer is supposed to be the Creditor of the Drawee.

(b) The **Drawee** is the person to whom the order or request for payment is addressed, as *Albert Pupil.*

(c) The **Payee** is the party to whom the money is to be paid. In the above example the Drawer and the Payee are the same—*Merchant & Co.*, "pay to our order" means pay to Merchant & Co., or to any other person whom they may authorise by endorsement. Instead of the words "our order" they might have inserted *Lee & Co. or order,* in which case the bill would have been payable to Lee & Co., and there would then have been three different parties concerned. A bill may be made payable to the holder of an office, thus :—"The Secretary, Halifax Chamber of Commerce"; or "The Treasurer, York Infirmary."

5. The Stamp. Before being drafted most inland bills require to be *impressed* with *ad valorem* (according to value), stamp duty at the rate of 1/- for every £100. and also for any fractional part of £100 if the bill exceeds £100. When the amount—

does not exceed	£10	the stamp required is			2d.
Exceeds	£10	and does not exceed	£25	stamp	3d.
,,	£25	,, ,,	£50	,,	6d.
,,	£50	,, ,,	£75	,,	9d.
,,	£75	,, ,,	£100	,,	1s. 0d.

Bills payable "*on demand*," "*at sight*," or within *three days after date or sight,* for whatever amount, only require a *twopenny stamp* either impressed or adhesive, but if the latter it must be cancelled by the drawer of the bill. A Bill payable with interest does *not* affect the stamp, unless a specific sum is named,

though the interest be payable from a date antecedent to the date of the Bill. Bills drawn in the Channel Islands and the Isle of Man are *foreign bills so far as the Stamp Act is concerned.* A foreign bill *negotiated* in the U.K. but drawn as well as payable *out* of the U.K., is only liable to an *advalorem* stamp duty of 6d. for every £100. The Penalty for issuing or negotiating unstamped bills is £10.

136. Unlike other contracts, the **consideration** for a B/E. is presumed till the contrary is made probable. Although it is superfluous it is nevertheless the custom to add to a bill the words **value received.** They are intended to imply that the bill has been given in exchange for a consideration, that is, actual or real value or benefit previously received in the form of goods, cash, or services.

137. Procedure relating to transactions in **Bills.** In order to grasp fully dealings in bills you will find it instructive to follow the procedure concerning a few simple transactions. On receipt of the cloth purchased from Merchant & Co., on the 2nd August, you would, of course, inspect its condition and generally compare the particulars on the invoice with the material itself. If any discrepancy occurred, as short lengths, excessive price, inferior quality, or damaged pieces, you would at once communicate the fact to Merchant & Co. Assuming, however, that you have made no complaint about the cloth, all being in perfect order, you would in the course of a few days receive from Merchant & Co., a draft for £200 enclosed in a letter as follows :—

---

50 *King Street,*
HUDDERSFIELD, 18*th August,* 1907.

Albert Pupil, Esq.,
113 *New Street, Leeds.*

Dear Sir,

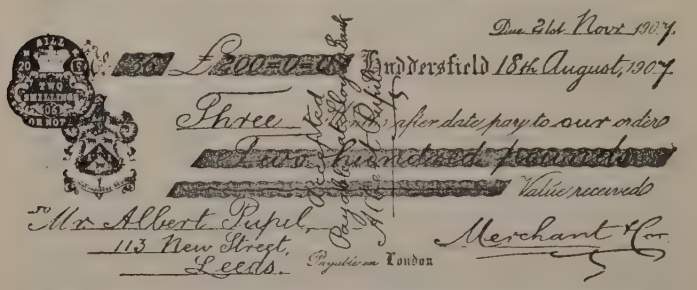
We beg to enclose a three months' draft on you for £200 *which we will thank you to accept and return to us, made payable in London.*

Yours faithfully,
MERCHANT & CO.

On receipt of the above you would refer to your Ledger to see that the amount was correct, and after

carefully examining the draft would accept it, when it would appear as follows :—

EXAMPLE OF BILL OF ACCEPTANCE.



138. To **ACCEPT A BILL** is to signify your assent to the order of the Drawers—Merchant & Co., by writing your name across the face of the Bill, thereby engaging to pay the amount specified when due. Before accepting the bill you were merely the Drawee, but having now made yourself liable to pay the £200 in three months, by accepting the bill, your capacity is changed to that of **Acceptor.** The bill may now be termed an **Acceptance,** the simple meaning of which is "I will pay." An Acceptance is not binding when given by any other person than the Drawee; thus, if a bill be drawn on Henry Brook, and be accepted by Henry Wild, the latter would not be liable on the bill. The Drawee is entitled to retain the bill for 24 hours, but after that he must re-deliver it accepted or unaccepted. The Drawee may sign before the Drawer's signature is written, or he may sign a blank stamped form. Acceptances are divided into general and qualified. A **general** or **clean** acceptance assents, without qualification, to the order of the drawer. The naming of the place of payment without adding *and there only* does not take it out of the general class. A **qualified** acceptance is one which, in express terms, varies the effect of the bill as drawn. The qualification may be conditional, partial,

local, periodical, or the acceptance of one or more of the drawees, but not all, as :—

Accepted on condition of three months' renewal.
Accepted for £100 only.
Accepted payable at Lloyds Bank, and there only.
Accepted payable in four months.

The holder of a bill may refuse to take a qualified acceptance, and may at once treat the bill as dishonoured by non-acceptance for want of a general acceptance. If he takes a qualified acceptance it will bind the acceptor and all subsequent parties, but it will not bind those who have already drawn or endorsed, unless they have authorised it or assent to it expressly or by implication, and they will consequently be discharged on the holder taking it. While the **signature** of the acceptor is alone *essential* in accepting a bill, it is nevertheless customary to preface the word *Accepted* and add the place of payment, which, if omitted is taken to be the usual place of business of the acceptor. The place of payment is known as the **domicile,** and the above bill will be a *Domiciled Bill,* because the place of payment is stated. After accepting the bill and making the entries in your books you would write a note returning the Acceptance to Merchant & Co.

139. DAYS OF GRACE. Now this bill would become due or **mature** on the 21st November, 1907, being three *calendar* months after its date, plus *three extra days* which are known as *days of grace.* According to an old custom, no B/E., except those payable on demand or at sight, is really payable in the U.K. until **three days** after the expiration of the currency or term of the bill. These three days must be added to the term before you can arrive at its **due date.** Originally they were merely a matter of indulgence, grace, or favour, but they have now acquired legal force, and must be allowed unless the bill otherwise provides, as—"On the 2nd June *fixed* pay," or "Six months after date, *without grace,* pay."

140. MODE OF PAYMENT. A few days before the bill became due, or arrived at maturity, it would be necessary for you, the **payer,** to inform your banker, that the **payees,** Merchant & Co., would be **presenting**

to your banker's London Agents—*Lloyds Bank*—the bill for payment. You would notify or advise him of this by means of an—

141. ADVICE SLIP, which is a formal note containing particulars of bills, addressed to a banker, **advising** or requesting him to pay or honour the bills specified, and to debit the a/c. of the acceptor with the amount. Bills presented for payment are frequently dishonoured for want of advice, or as is somtimes termed, *No Orders.*

Acceptor.	Drawer.	Date.	Term.	Amount.
Albert Pupil ..	*Merchant & Co.*	18 *Aug.*	3 *mos.*	200 - -

To the West Riding Banking Co., Ltd.,
Please advise Lloyds Bank, to honour the above acceptance, amount £200 0 0, *and charge the same to account of*
ALBERT PUPIL.

Leeds, 18*th November,* 1907.

142. On **PRESENTATION** of the above bill, by Merchant & Co.'s Bankers to *Lloyds Bank,* the latter would pay the former the amount and take possession of the matured bill on your behalf. When a bill is thus disposed of, it is said to be **honoured, redeemed, taken up, met, lifted;** all of which denote payment. The next time you had your Pass Book entered up at the Bank you would find that your a/c. had been debited with the £200, which had been paid to meet your acceptance. Therefore, on *advising* the Bank to meet a B/P., always either record the transaction in the Journal :—*B/P. Dr. to Bank,* or in practical work, on the Cr. side of Cash Book :—*Nov. 18, By B/P.* £200.

143. PAYMENT OF BILLS. A bill is said to be discharged or extinguished when **duly paid** at maturity directly on presentation, which is called by business men a *payment in due course.* The discharge of a Bill is effected either by the holder's receipt on the back of it, or by simply cancelling it. The bill thus discharged is, in both cases, returned to the drawee or his banker.

Every bill (except those on demand or at sight) *must* be **presented** for **payment** either to the acceptor, or to the bank where it is made payable, on the last day of grace. Failure to observe this would result in all the parties to the bill, except the acceptor, being discharged from their liability. When a bill is accepted on condition of the presentment at a particular place *and there only,* or with words to the like effect, also where a Promissory Note is expressed in the body to be payable at a particular place, it *must* be presented even to charge the acceptor. Should the last day of grace fall on Sunday, Christmas Day, Good Friday, or a public fast or thanksgiving day, it is payable on the *preceding* business day; if on a Bank Holiday, then on the *succeeding* business day. If a bill is **lost** before it is overdue the drawer may be compelled to give a duplicate to the person who was the holder, upon his giving sufficient indemnity against the claims of any person who may become possessed of the lost bill. The loser should immediately give notice of the loss to the parties liable on the bill, and a public advertisement should also be issued. The party who has lost the bill must, nevertheless, make application to the drawee for payment at the time it is due, and give notice of dishonour.

144. You will observe in Ex. 34, 10th August, that you *Received from A. Brand his acceptance at 1 month for* £100. This transaction signifies that A. Brand owed you £100; and that you drew a draft upon him for the amount; which he returned to you duly accepted.

EXAMPLE OF ACCEPTANCE.

No. 1. **£100.** *HUDDERSFIELD,*
10th August, 1907.

Impressed Stamp One Shilling.

ONE MONTH after date pay to my order, the sum of ONE HUNDRED POUNDS value received.

Accepted
Payable at Glyn, Mills & Co., London.
Alf. Brand.

To Alfred Brand, Esq.,
Dock Street,
Hull.

ALBERT PUPIL.

145. This bill, of which you are the **holder,** would become due on the 13th September, 1907. Three or four days before that you would endorse it, and, along with a **Credit Slip** (see par. 67), hand it to your banker, just as you would a cheque, **for collection,** from Glyn, Mills & Co., who would pay the amount on behalf of Alf. Brand, and thus meet, honour, or redeem the bill. Your banker would, of course, credit your a/c. with the amount he had received in respect of the bill. On paying bills into bank for collection, either record the transaction in the Journal :—*Bank Dr. To B/R.,* or on the **Dr.** side of the **Cash Book** :—*Mar. 10, To B/R.,* £185 12 6.

146. ACCOUNTS OF BILLS. It will be quite clear to you that the above bill is **Payable** by the person accepting it, viz., Alf. Brand; and **Receivable** by the person holding it, viz., yourself. Therefore, in recording transactions concerning bills, you would call those going **Out,** *which you have accepted* or undertaken to pay, **Bills Payable;** and those coming in, *which you hold* from others, **Bills Receivable.** Previous to Alf. Brand accepting your bill for £100, that amount stood to his debit in a personal a/c. in the Ledger, but immediately he accepted the bill his indebtedness changed from the form of a *book debt* to that of a *negotiable instrument,* a written promise to pay, which is a Bill Receivable to you. This Bill is something real and tangible with which you can deal and for which you can obtain money, or use for the payment of a debt. Hence the a/cs. of Bills Payable (B/P.) and Bills Receivable (B/R.) must be regarded as Real a/cs., the rules for entering which, you will remember, are :—Value coming **In** is **Dr.,** value going **Out** is **Cr.** You must not fail to remember that it is the **acceptance** which gives the bill its *value,* therefore no entry must be made until the Bill is accepted. **B/R.**—On an **acceptance** coming **in** or being received by you, as from Alf. Brand, you would journalise it thus :—*B/R. Dr.* £100, *To Alf. Brand,* £100. (See par. 171). And on the arrival of the *due date,* when the Bill goes **Out,** on being **honoured** or **paid** by Alfred Brand, thus :—*Bank or Cash...Dr.* £100, *To*

B/R. £100. In *practical work* the entry in the **Cash Book** would be on the **Dr.** side, thus :—*To B/R.* £100.

As mentioned in par. 133, the holder of a Bill may **negotiate** it, *i.e.*, endorse and pay it away to a credtor, as in Ex. 40, where T. Long's acceptance is paid by you to W. Hill, which transaction would be journalised thus :—*William Hill, Dr. To B/R.* £196 19 10.

B/P. The **acceptance by you** on 18th August of Merchant & Co.'s bill represented a bill going **Out** and would be journalised thus : *Merchant & Co., Dr.* £200. (See par. 172.) *To B/P.....*£200. and on its coming **In** and being **honoured** by your banker (See par. 142) thus :—*B/P.....Dr.* £200, *To Bank* £200. In *practical work* the entry in the **Cash Book** would be on the **Cr.** side, thus :—*By B/P.* £200.

Bills Receivable always come **In** first and are therefore debited, and when paid or honoured they go **Out** and are returned to the acceptor, therefore the a/c. is then credited. **Bills Payable** always go **Out** first and are therefore credited, and when paid or honoured by you they come **In** and are returned to you by the holder, therefore the a/c. is then debited. You will notice that when a bill is honoured either at the bank or in cash you do *not* debit or credit the *person*, but one of the Bill a/cs. and bank or cash. **Accounts** of **Bills** are **balanced** in the same way as other real a/cs., the *difference* of a **B/R.** a/c. representing an *asset* or bills in hand. The total *value* of the bills in your bill-case should correspond exactly with the balance of the B/R. a/c. The *difference* of a B/P. a/c. represents a *liability*, or bills which you have accepted. This balance should be compared with the total of the unpaid bills recorded in the bill book.

The following accounts **illustrate** the records connected with the B/E. in **Exercise 34.**

Dr. **Cash Book.** **Cr.**

1907	Receipts.	Office. £	Bank. £	1907	Payments.	Bank. £
Aug. 15	To Bills Rec. A/c. (Salt)	148		Aug. 5	By Bills Payable A/c. (Brown)	100
„ 23	„ Bills Rec. A/c. (Mart)		50	„ 28	„ Bills Payable A/c. (Jones)	115

Ex. 34. Bills Receivable Book. (Abridged Form).

Date. 1907	From whom recd.	Term.	When due.	L.F. Cr.	Amount. £ s. d.
Aug 10	Alfred Brand.....	1 month	13th Sept.		100 - -
,, 24	Matthew Paul	2 months	27th Oct.		75 - -
	Bills Receivable A/c...Dr.				£175 - -

Bills Payable Book. (Abridged Form).

Date. 1907	To whom given.	Term.	When due.	L.F. Dr.	Amount. £ s. d.
Aug. 18	Merchant & Co....	3 months	21st Nov.		200 - -
	Bills Payable A/c...Cr.				£200 - -

Dr. Alfred Brand. Cr.

1907		£	1907		£
Aug. 1	To Cloth	125	Aug.10	By Cash	25
,, 18	,, Cloth	96	,, 10	,, Bill Receivable ...	100

Dr. Matthew Paul. Cr.

1907		£ s. d.	1907		£ s. d.
Aug. 1	To Balance b/f.	72 - -	Aug. 6	By Cash & Dis.	72 - -
,, 6	,, Cloth	87 15 -	,, 24	,, Cash	35 - -
,, 18	,, Cloth	62 5 -	,, 24	,, Bill Receivable..	75 - -

Dr. Bills Receivable A/c. Cr.

Bills Receivable come in for Goods or Value.			**Bills Receivable go out for Cash or Discount.**		
1907		£	1907		£
Aug. 1	To Balance b/f. (Salt & Mart's B/R.)	198	Aug.15	By Cash (Salt)	148
			,, 23	,, Cash (Mart)	50
,, 10	,, Alfred Brand	100	,, 31	,, *Balance c/d., being B/R. not matured.*	175
,, 24	,, Matthew Paul.....	75			
		£373			£373
Sept. 1	To Balance b/d.....	175			

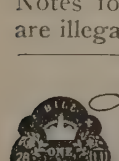
Dr. Bills Payable A/c. Cr.

Bills Payable come in for Cash on maturity.			**Bills Payable go out for Goods or Value.**		
1907		£	1907		£
Aug. 5	To Cash (Brown)	100	Aug. 1	By Balance b/f, (Brown's & Jones' B/P)	215
,, 28	,, Cash (Jones)	115			
,, 31	,, *Balance c/d being B/P not matured*	200	,, 18	,, Merchant & Co. ...	200
		£415			£415
			Sept. 1	By Balance b/d.....	200

Dr. **Merchant & Co.** Cr.

1907		£ s. d.	1907		£ s. d.
Aug. 4	To Cash & Dis.....	107 10 -	Aug. 1	By Balance b/f.....	107 10 -
„ 18	„ Bill Payable.....	200 - -	„ 2	„ Cloth	254 - -

147. A PROMISSORY NOTE (P/N.) is an unconditional promise in writing, made by one person to another, signed by the maker, engaging to pay, on demand or at a fixed or determinable future time, a certain sum of money to a specified person or to bearer. A P/N. must always be made out on paper *impressed* or *embossed* with an *ad valorem* (according to value) stamp, whether drawn "on demand" or not. Promissory Notes for less than £5 payable to *bearer on demand* are illegal in England and Wales.



£100. Hull. 10th August, 1907.

One month after date, I promise to pay to Albert Pipul, or order, the sum of One hundred pounds, value received.

Payable at Lloyds Bank, London. Alfred Brand

148. If you **compare** the above with Alf. Brand's acceptance you will notice that he is the person who undertakes to pay the money in both cases, the difference between the two promises being a mere formal one A P/N., in fact, resembles a B/E. in most of its processes, the chief difference being that it does not require accepting. It is an acceptance in itself, because it is made out by the debtor, Alf. Brand, and handed by him to you. Transactions in P/N. are journalised like bills.

149. FOREIGN BILLS. The first transaction in Ex. 35, is *Purchased goods from Henry Clay, Chicago.* £204 5s. 6d. The question at once arises, how shall you pay or remit to Clay this amount? The expense, trouble and risk attending the transmission of specie such a distance is too obvious to need comment. If you had an agent or customer in Chicago the best method

of settlement would be by **drawing** upon such agent or customer. On reference to Ex. 35 you will find that you have a customer at Chicago—Neal Dow—who owes £315. The best course for you to adopt then would be to draw a Bill of Exchange upon Neal Dow for £204 5 6 in favour of Henry Clay. As you merely transfer £204 5 6 from Dow to Clay, the Journal Entry would be :—*Henry Clay Dr. To Neal Dow,* £204 5 6.

VIA OF FOREIGN BILL.

No. 6. **Exchange for $1000 52c.**

Huddersfield, 20th September, 1907.

Stamp Three Shillings.

Sixty days after sight, pay this First of Exchange (Second and Third of the same tenor and date not paid) to the order of Henry Clay, the sum of One Thousand Dollars and fifty-two cents, value received, and charge the same to my account.

ALBERT PUPIL.

To Neal Dow, Esq.,
10 Sixth Avenue, Chicago, U.S.A.

150. The **drafting** of foreign bills is somewhat different from that of inland bills. Instead of merely drawing one document you draft two or three, and these are called a **Set of Bills.** One object of this is to obviate delays and avoid inconvenience in case of the loss or miscarriage of one of them. Another object is that the first of the set may be sent abroad to an agent or banker, so that he may secure acceptance; while another of the set is put into circulation and sold to the bill brokers, thus allowing the drawer or endorser to realise the amount of the bill, at the same time that the "first" is going forward for acceptance. As you will see, the only variations in the form of the three bills will be the words, *first, second,* and *third.*

In the **First** via the words must be *Second and Third.*
,, **Second** ,, ,, *First and Third*
,, **Third** ,, ,, *First and Second*

Only that **via** of a foreign bill need be **stamped,** which is used or negotiated. In addition to the revenue stamp *impressed* in the country where it is drawn, it also requires the *adhesive* revenue stamp of the country where it is domiciled or made payable; therefore the above bill would require stamping on its arrival in the

United States. On the receipt, in this country, of a foreign bill it is the duty of the holder, first, to present it for acceptance, and, secondly, to affix thereto and cancel a proper adhesive bill stamp of sufficient amount; after which the bill may be negotiated. It is customary to state the **amount** of a foreign bill in the currency of the country where it is made payable. The rate of exchange on the day of the date of the bill is used for stamp purposes, but the rate on the day the bill is payable for purposes of payment. The absence of a foreign stamp on a foreign bill does not affect the right of any person to sue in this country, provided the bill has been stamped according to English Law.

151. PROCEDURE with **Foreign Bills.** As drawer of the above bill you would forward the *stamped copy* to H. Clay, and by a later mail a second copy, so that should the first have been lost by shipwreck, or have miscarried, the second would be available. You would retain the third copy until it was known whether either of the others had been received; if both were lost, it would require stamping and forwarding, otherwise it would be of no use, and might be destroyed, as might also the second if the first had reached its destination. By the same mail as you sent Clay his first bill, you would write to Neal Dow **advising** him of the fact, and requesting him to accept the bill when presented by Clay.

152. AFTER SIGHT. The term of the above bill is *Sixty days after sight* instead of after date. By the use of this phrase in foreign bills the inequalities arising from varying distance and means of communication are equalised. The term or period of the above bill, is calculated *not* from the *date* of the *drawing* of the bill, 20th September, but from the date when the bill is **sighted** or *seen* and accepted by the drawee, Neal Dow. Hence it is very important that Clay on receiving the bill should immediately take it to Dow for acceptance and that Dow when accepting it, should note the date of acceptance, which would probably be as follows :—

"Accepted 30th September, 1907.
Payable at the National Bank, Chicago,
Due 2nd December,
Neal Dow."

Payment. When this bill arrived at **Maturity** Dow would pay the amount to Clay, Dow having debited your a/c. with the same on acceptance. You would thereby be saved the trouble and expense of remitting Cash to Clay, he having been paid by your debtor.

153. EXCHANGE is a term applied to the remittances of money between different countries, by which sums in the money of one country are exchanged for sums of equivalent value in the money of another. In other words, the method adopted by a debtor for the payment of a debt due to a foreign creditor, without the transmission of specie or coin. As a consequence of commerce there at all times exists a mutual indebtedness between countries having commercial intercourse with each other. For instance, while there are several persons in Paris indebted to others in London, there are also a number of persons in London debtors to Parisians. Therefore in case you wished to remit to B., your creditor in Paris, £100, and you had no agent, banker or debtor in that city, a good method of settlement would be by **buying a bill** payable at Paris, and forwarding it to your creditor. The question now arises, where and how are you to buy this bill? If you wish to purchase corn, cattle, leather, wool, tea, etc., you would either attend the markets at which they were sold, or employ a factor, dealer, or broker to purchase on your behalf. Foreign B/E. are to be bought in a similar way. There are **Bill Brokers** whose chief business it is to deal in B/E. Merchants communicate their wants for bills to these brokers, who also ascertain those merchants who have debtors abroad, and the brokers thus discover the side upon which the greater demand lies, for money or for bills. These brokers meet on market days, Tuesdays and Thursdays, at the Royal Exchange, London, and determine the course of the day or Rate of Exchange, between one country and another. The Rate of Exchange or *Price List of Bills* is based upon the—

154. PAR OF EXCHANGE, which means that sum in the currency of one country, which, in its *intrinsic* or

real value, is equal to a specified sum in the currency of some other country. In other words, when money of the same standard and weight in one country, yields money of the same standard and weight in another, the exchange is then said to be at *par*. **Gold** and **Silver** when refined and coined into money, no matter by what country, becomes of about equal fineness or purity, so that the same weights are, for all commercial purposes, of equal value. Thus, according to the mint regulations of Great Britain and France, £1 sterling is equal in its intrinsic value to 25 francs, 22 centimes of French money; and therefore, the par of exchange between London and Paris is 25frs. 22c. If more than that sum is given us, say 25frs. 30c., the exchange is *below* par and against Paris; if, on the other hand, £1 sterling should be accounted equal only to 25frs. 15c., the exchange is *above* par, being in favour of Paris and against London. It should be observed that when the exchange is favourable to a place it is only so to the buyer and remitter of foreign bills; but unfavourable to the drawer and seller. Thus the interest of each party is identified with that of the place where his funds are: hence an unfavourable rate of exchange in any place operates as a premium for the exportation of goods, and is, so far, an advantage to that place. The **variation** of the rate of exchange is, however, limited to twice the cost of transmitting gold between two countries. These limits are known as—

155. SPECIE or GOLD POINT, which is that point above or below the mint par of exchange at which it becomes more profitable to export or transmit bullion than to buy B/E. The cost of transmitting bullion varies from $\frac{1}{2}\%$ to 2%, according to distance, risks, and other circumstances, and hence it is only under exceptional conditions that the prices of B/E. rise above or fall below these limits. No merchant will ever pay a greater premium for a bill to discharge a foreign debt than would suffice to cover the expense of transmitting bullion. Some gold points on the London Exchange are :—

London on	*Mint par.*	*Gold Exports.*	*Gold Imports.*
Paris	Fcs. 25.22½	25.12½	25.32½
Berlin	Mks. 20.43	20.33	20.52
Amsterdam	Fl. 12.10	12.04	12.15
Copenhagen	Kr. 18.16	18.07	18.23
New York	$ 4.867	4.827	4.89

The Rate of Exchange for each country is published in the daily papers on Wednesdays and Fridays in each week in the Price List of Bills, better known as the—

156. COURSE OF EXCHANGE, which means that **variable amount** in the currency of one country which at any given date, is offered for a **fixed sum** in the currency of another country. The Rates of Exchange are seldom at par, fluctuating daily according to the state of trade, the value of money, and other disturbing influences. The rate quoted, which is generally for drafts having three months to run, is effected principally and legitimately by the actual balance of trade between the two countries, and the consequent necessity of remittances to discharge the debts which have been contracted between them. But this effect will not be seriously felt if the general balance of trade is at the time in favour of the country having occasion to remit. If a greater amount of remittances is made to a particular place, for instance, Paris, than is received from it, the exchange will be above par; if, on the other hand, a greater amount is received from Paris than is sent to it, the exchange will be below par.

157. BILL BUYING. Your question as to where and how to purchase a bill having been answered, you would then proceed, through the medium of your broker, to communicate with the money or exchange market, whereupon you would ascertain that C., of Paris, was indebted to D., of London, in the sum of £100. You would, therefore, buy for cash at the *current rate of exchange* from D., of London, a draft from him addressed to his debtor C., of Paris, requesting the latter to pay the amount to *your order.* Having endorsed the bill in favour of your creditor, F. Basile, thus :—

Pay to the order of F. Basile,
Albert Pupil.

you would forward it to your creditor, B., of Paris, who would **present** it to C. for **acceptance.** The Journal entry would be :—*F. Basile Dr. To Cash* £100. In *practical work* the entry in the **Cash Book** would be on the **Cr.** side, thus :—*By F. Basile* £100.

In dealings with a foreign firm the Ledger a/c. will require two money columns on each side, in order to record the transactions in both currencies. When balancing it will be found that there will be a small difference arising from the fluctuations of Exchange between the two countries. This difference must be transferred to an **Exchange A/c.,** the balance of the latter being carried to the P. & L. A/c. on making up the books.

Dr. **Gustave Loubet,** Rue Garibaldi 19, Paris. **Cr.**

(Standard Exchange, Fcs. 25.50=£1.)

1918		£	s.	d.	Fcs.	c.	1918		£	s.	d.	Fcs.	c.
Jan. 6	To Goods.....	100	-	-	2550	-	Mar. 30	By Cheque	309	10	8	7815	75
,, 30	,, Goods.....	206	10	-	5265	75		(rate 25·25)					
Mar. 31	,, *Transfer to Exchange A/c*.....	3	-	8									
		£309	10	8	7815	75			£309	10	8	7815	75

VIA OF FOREIGN ACCEPTANCE.

No. **7.**

Exchange for Fcs. 2520.

LONDON,
26th September, 1917.

Stamp One Shilling.

Thirty days after date (Second and Third of the same tenor and date not paid), to the order of Albert Pupil, the sum of TwoThousand Five Hundred and Twenty Francs, value received and charge to account, with or without advice of

pay this First of Exchange

To Messrs. Chevreul & Co., Paris.

Accepted.
Payable at the Bank of Paris, Chevreul & Co., Due 26th October.

DANIEL & CO.

158. As there are **no days of grace** in France, the above bill would mature on the 26th October. The number of days of grace allowed in foreign countries varies. They are shown in the Table of Usance.

159. By the operation of this B/E. the convenience of all parties concerned is suited; the London creditor is paid by the London debtor; and the Paris creditor is paid by the Paris debtor; consequently the two debts are paid, and not a single coin passes between London and Paris. In this example *Daniel & Co.* are the **Drawers,** *Chevreul & Co.* are the **Acceptors,** *Albert Pupil* is the **Buyer** and **Endorser** of the bill, and *F. Basile* is the **Endorsee** of the bill and **receiver** of the money in Paris. Two persons here receive the money, Daniel & Co., and F. Basile, and two pay the money, Albert Pupil and Chevreul & Co.; which is just what must be done when two debtors and two creditors settle a/cs. It will thus be seen that the debtor in one country is substituted for the debtor in another, and that while B/E. are used for the payment of inland debts they were originally intended for the discharge of foreign debts.

160. NEGOTIATION OF BILLS. The **holder** of a bill may deal with it in three different ways. He may retain it until maturity; transfer it to one of his creditors; or discount it. When dealt with by either of the latter methods it is said to be **negotiated,** or *put into circulation, which* is the act of freely assigning or transferring a bill, with or without endorsement, either under discount or otherwise, to another person. For instance, suppose you hold an Acceptance by John Kerr for £100, and at the same time you are indebted to Joel Day in the sum of £100 or more, you may transfer to Day, Kerr's bill in payment of your debt. Such a transaction, involving the **out** going of a bill, would be journalised thus :—*Joel Day Dr. To B/R.* £100.

161. DISCOUNTING is a method frequently resorted to, particularly if the holder is urgently in need of cash. To **discount** a bill is to obtain money for a bill before it is due, interest being charged for the accommodation. On reference to Exercise 36, Oct 8th, you will find that B. Astor gave you his acceptance at one month for £500, and that on the following day you discounted same, Cash received £497 18s. 4d., discount charged £2 1s. 8d. It appears from the latter transaction

that you took the bill and **endorsed** it either to your banker or to a bill discounter, who, after being satisfied as to the solvency of B. Astor, paid you the £500, less one month's interest at 5%. The deduction of £2 1s. 8d., although really interest, is the **Banker's Discount.** It is the banker's profit on the loan, and your loss for getting the money before it was due. As the Cash comes **In** to the Bank and the Bill goes **Out,** the above transaction would be journalised thus :—

Bank .....*Dr.* £497 18 4
Bank Charges A/c. ,, 2 1 8
To B/R. A/c. £500

In *practical work* there would be **two** entries in the **Cash Book,** the full amount of the bill being entered on the **Dr.** side, thus :—

Oct. 9. To Bills Receivable A/c. £500.

and the Discount being entered on the **Cr.** side, thus :—

Oct. 9. By Discounting Astor's B/R. £2 1 8.

This method keeps the Bank columns of the Cash Book identical with those of the Bank Pass Book. The Discount should be posted to the debit of the "Bank Charges A/c.," so as to keep it separate from the ordinary "cash discount."

Although you may *generally* regard a bill thus negotiated as finally disposed of, there does exist, however, on account of your endorsement, a "contingent liability" in respect thereof, until the same is paid by the acceptor.

The above transactions relative to **discounting** B/R. in **Ex. 36,** would be recorded in the Ledger and Cash Book, as shown below :—

Dr. **Bills Receivable A/c.** (Ex. 36). **Cr.**

1907.		£	s.	d.	1907.		£	s.	d.
Oct. 31	To Sundries as per total of P/R. Book	1201	2	2	Oct. 9	By Cash (Astor's Bill discounted)	500	-	-
					,, 22	,, Cash (Astor's Bill discounted)	250	15	6
					,, 24	Wolsey Terry.	75	6	8
					,, 31	,, *Balance c/d*.....	375	-	-
		£1201	2	2			£1201	2	2
Nov. 1	To Balance b/d. ...	375	-	-					

Dr. **Cash Book.**

1907.	Receipts.	Office. £ s. d.	Bank. £ s. d.
Oct. 9	To Bills Receivable A/c. (Astor's B/R.).....		500 - -
„ 22	„ Bills Receivable A/c. (Astor's B/R.).....		250 15 6

Cash Book. Cr.

1907.	Payments.	Discount. £ s. d.	Office. £ s. d.	Bank. £ s. d.
Oct. 9	By Discounting Astor's B/R.			2 1 8
„ 22	„ Discounting Astor's B/R.			5 15 6

162. THE RATE OF DISCOUNT varies according to the nature of the bill, being considerably higher if any suspicions are entertained of the punctuality or solvency of the parties subscribing the bill. The charge also varies according to the state of the money market, and is very much influenced by the Bank Rate.

163. DISHONOURED BILLS are those which either the drawees refuse to accept, or the acceptors fail to pay or meet when due. From this transaction, "Oct. 24,

Terry's acceptance due this day returned dishonoured £75 6 8
Paid Notarial charges thereon... - 3 4"

it would seem that Terry, on the maturity of this bill, was either unable or unwilling to fulfil his promise to pay you the above amount. Unless your banker had already done so, it would be your duty, immediately on the return of the bill, to place it in the hand of a **Notary Public** (N/P.) who is generally a solicitor, part of whose business it is to present dishonoured B/E. and note and protest their non-acceptance or non-payment.

164. NOTING A BILL is the presenting of a non-accepted or dishonoured bill and demanding acceptance or payment thereof, at the Bank where it is made payable, or to the acceptor himself by the Notary Public *either on the day of its dishonour, or on the next succeeding business day,* as an official **proof** of the **demand** having been duly made, and if it is not then accepted, or paid, he **notes** its non-acceptance, or non-payment by writing upon a slip, which he attaches to the bill, the reply he receives (such as *No Funds; Refer to Drawer; No Orders;* &c.) so that should the bill be a

foreign one he may subsequently draw out a **protest,** which is a legal documentary declaration by a N/P.

The **measure of damages** on dishonour of a bill are—(*a*) the amount of the bill; (*b*) interest from the time of presentment for payment if the bill is payable on demand, or from maturity in any other case; (*c*) expenses of noting, or (when protest is necessary and has been extended) of protest. In case of a bill dishonoured abroad, in lieu of the above damages (*a*) re-exchange; (*b*) interest thereon till payment.

NOTING TICKET.

J. NEWTON & SONS, Notaries,

10, *Birchin Lane.*

Noting 3/4.

NO ORDERS TO PAY.

BANKER'S TICKET.

	£	s.	d.
Bill - - - - -	75	6	8
Noting - - - - -		3	4
Postages - - - -			6
Interest - - - -			
	75	10	6
Commission - - - -		3	10
	75	14	4

Beckett & Co.

165. Terry's acceptance having been duly noted according to the requirements of the law, your next

duty would be, if you had received the bill by endorsation, to give immediate **notice of dishonour** in writing to the drawer and each endorser; as in the absence of such notice the drawer and endorser would be discharged from any liability respecting the bill. The object of giving such notice is to make them aware of the dishonour, so that you may, if necessary, have **recourse**—that is, call upon either the drawers or any of the endorsers, to pay the bill, together with the interest and expenses. As you were presumably the drawer and the only endorser in this instance, no notice of dishonour would be necessary.

166. TRANSACTIONS ON DISHONOUR. Although Terry's bill was dishonoured he still owes you the amount, and you will therefore debit his a/c. with the amount, of the bill, as well as the **cost of noting,** thus :—

Wolsey Terry ..... *Dr.*	£75	10	
To B/R. (*Dishonoured*)	£75	6	8
,, *Cash* (*Noting*)	-	3	4

In *practical work* only the dishonoured bill would be journalised as above, a separate entry being made in the **Cash Book,** on the **Cr.** side in respect of noting, thus :—

Oct. 24. *By Wolsey Terry* (*Noting Exs.*) 3 4

If the bill had been sent to the **Bank** for collection, the Bank would have been debited and B/R. credited; therefore on dishonour and return of the bill you would journalise thus : *W. Terry, Dr. To Bank.* In *practical work*, however, the record would be made in the **Cash Book,** on the **Cr.** side in respect of noting, thus :—

By W. Terry (*Dishonoured Bill and Noting*) £75 10

And where the bill has been purchased under discount, or received in payment of an a/c., you would debit the a/c. of the person from whom you bought or received the bill, thus :—*A. Blank Dr. To B/R.* Should you have **discounted** the bill with a Discount Co., or paid it away to a creditor, on its return, with notice of dishonour, you would owe the Discount Co. or Creditor the full amount thereof, and would therefore journalise :—

Wolsey Terry, Dr. To Discount Co., or A Creditor,

Dr. **Wolsey Terry.** (Ex. 36). **Cr.**

1907.		£	s.	d.	1907.		£	s.	d.
Oct. 10	To Wool	75	6	8	Oct. 11	By B/R.	75	6	8
,, 16	,, Wool	25	10	-	,, 28	,, Cash	75	15	-
,, 24	,, B/R. Dishonoured	75	6	8	,, 28	,, Bad Debts	25	5	-
,, 24	,, Noting Charges	-	3	4					
		£176	6	8			£176	6	8

167. RENEWED BILLS. To renew a bill is to accept a new B/E. in place of a former one which the acceptor was unable to honour when due. Sometimes the acceptor of a bill finding himself unable to meet it on its maturity requests to be allowed to renew it. If the holder is satisfied as to the solvency of the acceptor he will comply with the request, on condition that the acceptor pays for the new bill stamp, and interest on the amount for the extended period. The transaction :

"Nov. 28. J. Keen met his acceptance for £811 1 - due to-day with a 2 mos. Bill including Int. for £835 7 8."

shows that you have granted an extension of time to Keen. The old B/R. is cancelled and consequently goes **Out,** while a new one comes **In,** the interest being a gain.

In *practical work* the old B/R. and the interest would be debited to Keen in the Journal :—

James Keen, Dr. To B/R. ..... £811 1 -
James Keen, Dr. To Interest £24 6 8

while the new bill would be entered in the B/R. Book.

If you had received such a favour from a creditor, the entry would have been as follows :—

B/P. .....*Dr. To Creditor* £811 1 -
Interest .....*Dr. To Creditor* £24 6 8

and a new bill entered in the B/P. Book.

In the case of the renewal of a bill which has been previously **dishonoured,** as :—

"Nov. 18. J. Keen forwards his acceptance at seven days with noting expenses and Interest £811 1 -."

It would be journalised thus :—

James Keen .....*Dr. To Interest* £10 - -
B/R. .....*Dr. To James Keen* £881 1 -

In *practical work* James Keen would be debited with interest through the Journal :—*James Keen, Dr. To*

Interest £10, and the new bill would be recorded in the B/R. Book.

When a bill is partly paid, and **partly renewed** as :—

"A. Brown settles dishonoured bill for £400 by paying Cash £200, and accepting our draft at two months for £201 including interest."

an entry must be made in the Journal :—*A. Brown Dr. To Interest* £1; the Cash entered in the C/B. : *To A. Brown,* £200; and the B/R. recorded in the B/R. Book.

(Ex. 37). **Bills Receivable Book.** (Abridged Form).

Date. 1907.	From whom received.	Term.	When due.	L.F. Cr.	Amount. £	s.	d.
Nov. 8	Alfred Carr	16 days	27th Nov.		710	-	-
„ 9	James Keen	8 days	15th Nov.		800	-	-
„ 14	James Keen	2 months	17th Jan.		504	3	4
„ 18	James Keen	7 days	28th Nov.		811	1	-
„ 22	Robert Keld	1 month	24th Dec.		800	-	-
„ 28	James Keen	2 months	31st Jan.		835	7	8
		Bills Receivable A/c...Dr.			£ 3960	12	-

Dr. (Ex. 37). **Bills Receivable A/c.** **Cr.**

1907.		£	s.	d.	1907		£	s.	d.
Nov. 1	To Balance b/f.....	1100	-	-	Nov. 9	By Alfred Carr	600	-	-
„ 30	„ Sundries as per total of B/R. Book	3960	12	-	„ 11	„ Cash	500	-	-
					„ 15	„ James Keen	800	-	-
					„ 21	„ Cash	504	3	4
					„ 23	„ Cash	710	-	-
					„ 28	„ James Keen	811	1	-
					„ 30	„ *Balance c/d*	1185	7	8
		£ 5060	12	-			£ 5060	12	-
Dec. 1	To Balance b/d.....	1135	7	8					

Dr. (Ex. 37). **James Keen.** **Cr.**

1907.		£	s.	d.	1907.		£	s.	d.
Nov. 1	To Balance b/f	101	1	-	Nov. 2	By Cash	101	1	-
„ 3	„ Goods	1040	-	-	„ 9	„ B/R.	800	-	-
„ 12	„ Con. from H. Vint	145	11	-	„ 9	„ Cash	240	-	-
„ 14	„ Con. from H. Vint	180	-	-	„ 14	„ B/R.	504	3	4
„ 14	„ Interest	4	3	4	„ 18	„ B/R.	811	1	-
„ 14	„ Coffee	320	-	-	„ 19	„ Cash	80	-	-
„ 15	„ B/R.	800	-	-	„ 28	„ B/R.	835	7	8
„ 15	„ Noting Charges...	1	1	-	„ 30	„ *Balance c/d*.	266	12	-
„ 18	„ Interest	10	-	-					
„ 19	„ Coffee	201	1	-					
„ 28	„ B/R.	811	1	-					
„ 28	„ Interest.....	24	6	8					
		£ 3638	5	-			£ 3638	5	-
Dec. 1	To Balance b/d.....	266	12	-					

168. RETIRING BILLS PAYABLE. If at any time you preferred to pay or **retire** one of your own acceptances before arriving at maturity, for the purpose of gaining **rebate**; (that is, the interest of the unexpired term), it would be called *retiring under discount.* The transaction :—"Nov. 16. Retired our bill due 30th Nov., by cheq., £717 5, and was allowed dis. £2 15," would be journalised thus :—

Nov. 16.	*B/P.* ..... *Dr.* £720		
	To Bank	£717 5	-
	,, *Discount A/c.*	2 15	-

In *practical work* the entry in the **Cash Book** would be on the **Cr.** side; discount in the first column thus :—

Nov. 16. *B/P.*, £2 15 -; £717 5 -

169. REBATE ON BILLS DISCOUNTED is an item which often occurs among the Liabilities in the B/S. of a Bank, and refers to *unmatured discounted bills on hand,* similar to the one mentioned in par. 161. This Rebate is the *difference* between the present or actual value of the bills (the amount for which they might be re-discounted) and their face value. Having debited the "Bills Discounted A/c." with the face value of the bills, it is necessary for the banker to ascertain the actual value of those still current before preparing the B/S., otherwise the assets would be over-estimated; for a bill is worth its face value only when it matures. At the *closing* of the books each half-year the *whole* of the discount on such unmatured bills has *not* been *earned* by the Bank; and the *portion unearned* must therefore be *carried forward* to the following half-year. For example, suppose that the Bank has discounted a 3 mos. bill for £1000, dated 28th Nov., 1916, on that date, at 5%, the profit, or discount thereon of £12 10 - would be *credited* to the Discount A/c. As this bill would not mature until 2nd March, only £4 3 4, being one-third of the discount, would have been *actually earned* during the period ending 31st Dec.; consequently the balance of £8 6 8, which is *earned* from

1st Jan. to 2nd March, 1917, must be *debited* to the Discount A/c. for 1916, and brought forward on 31st December as a *liability*. This adjustment is recorded in the Journal thus :—

1916. *Dec.* 31. *Discount A/c. Dr.* £8 6 8
1917. *Jan.* 1. *To Discount A/c.* £8 6 8

Dr. **Discount A/c.** **Cr.**

1916.		£	s.	d.	1916.		£	s.	d.
Dec. 31	To Balance c/d.....	8	6	8	Nov. 29	By B/R.	12	10	-
	„ *Transfer to P. & L. A/c.* ...	4	3	4					
		£ 12	10	-			£ 12	10	-
					1917.				
					Jan. 1	By Discount b/d.....	8	6	8

170. In **practical work** it is found necessary to keep two subsidiary books or Special Journals known as **BILL BOOKS**; one for recording B/R. and the other for B/P., although in some offices only one volume is used, B/R. being entered at one end and B/P. at the other end of the same book. (See next page.)

In working **exercises** containing transactions in bills you will find it convenient to arrange the B/R. Book underneath the Dr. side of the Cash Book, and the B/P. Book underneath the Cr. side of the C/B.

171. THE BILLS RECEIVABLE JOURNAL or **BOOK** must contain at least, the date of the bill, the name of the acceptor, the term, when due, ledger folio, and the amount. Another usual column is headed *How disposed of*, in which you would insert one of the following :—*Paid to Bank, 2nd May; Paid to Joel Day, 5th June; Discounted 9th July*, &c. As the persons from whom you receive bills are your debtors, each amount must be **posted** to the **Cr. side** of its respective personal a/c. in the Ledger.

Date; By B/R.; Fol.; Amount.

As this book contains particulars of bills coming **in**, the **total** thereof must therefore be posted to the **Dr. side** of the B/R. A/c. in the Ledger by entering the :—

Date; To Sundries B/B.; Fol.; Amount.

Bills Receivable Book. (Ex. 36, p. 187).

Date.	From whom received.	Term or Tenor.	When due.	Led. Fol. Cr.	Amount. £	s.	d.
1907.							
Oct. 8	Bruce Astor	1 mo.	Nov. 11		500	-	-
„ 11	Wolsey Terry	10 days	Oct. 24		75	6	8
„ 17	Bruce Astor	3 mos.	Jan. 20		250	15	6
„ 26	Bruce Astor	3 mos.	„ 29		375	-	-
			B/R. A/c.....Dr.	£	1201	2	2

172. THE BILLS PAYABLE JOURNAL or **BOOK** must contain at least the date of acceptance, to whom given, the term, ledger folio, when due, and the amount. The persons to whom you give bills being your creditors, each amount must be **posted** to the **Dr. side** of its personal a/c. in the Ledger by entering the :

Date; To B/P.; Folio; Amount.

This book containing particulars of Bills going out must therefore have its **total** posted to the **Cr. side** of the B/P. A/c. in the Ledger, by entering the—

Date; By Sundries B/B.; Fol.; Amount.

Bills Payable Book. (Ex. 36, p. 187).

Date.	To whom given.	Term or Tenor.	When due.	Led. Fol. Dr.	Amount. £	s.	d.
1907.							
Oct. 5	Seth Riley	21 days	Oct. 29		400	-	-
„ 17	Seth Riley	2 mos.	Dec. 20		300	-	-
			B/P. A/c.....Cr.	£	700	-	-

173. When **Interest** is involved in transactions relating to Bills be careful to journalise the same.

A Bill Book may be ruled so as to accomodate not only the detailed record of the bills, but also the **account,** as per the second example given on the next page of a **Bills Receivable Ledger.**

BILLS RECEIVABLE BOOK.

No. of Bill.	Date Recd.	From whom Received.	Drawers.	Acceptors	Where Payable.	Date of Bill.	Term or Tenor.	When Due. Jan.	Feb.	Mar.	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	S.L. Fol. Cr.	Amount of Bill.	How disposed of.
	1925.																					
47	Feb. 15	H. Bates	Self	H. Bates	Lloyds	Feb. 12	3 mos.					15								18	£840	Discounted Parr's Bank.
48	Mar. 15	Do.	Do.	Do.	Do.	Mar. 12	4 mos.							15						18	1300	
49	May 16	T. Kay	Do.	T. Kay	Coutts	May 11	3 mos.								14					20	1000	Do.
																					£3140	B/R. A/c. Dr.

BILLS RECEIVABLE LEDGER. Dr. Cr.

No. of Bill.	Date Recd.	From whom Recd.	Where Payable.	Date of Bill.	Term or Tenor.	When Due. Jan.	Feb.	Mar.	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	S.L. Fol. Cr.	Amount of Bill.	How disposed of.	Date when Cash Recd.	C.B. Fol. Dr.	Amount of Cash and Discount.

Exercise 34.

A. Pupil's affairs on the 1st August, 1907, stood as follows—N.B. (*See top of next page.*)

	Cash in hand £47 15, and at Bank	£987	5	
	Stock of Cloth	675	-	-
	J. Salt's Promissory Note due 15th August...	148	-	-
	Lewis Mart's Bill due 23rd Aug.	50	-	-
	Balance due from Matthew Paul	72	-	-
	,, to Merchant & Co.	107	10	-
	Acceptance given to A. Brown	100	-	-
	P/N. given to D. Jones, due 28th August ...	115	-	
	Capital	1657	10	
Aug. 1.	Sold to Alfred Brand, Goods	125	-	-
,, 1.	,, Goods for cheque; sent it to Bank (91)	56	-	-
,, 1.	,, to Lewis Mart, Goods	95	-	-
,, 2.	Bought of Merchant & Co., Goods	254	-	
,, 4.	Paid Merchant & Co., cheque ... £105 - -			
	They allowed discount ..... 2 10 -	107	10	
,, 5.	I honoured my acceptance to A. Brown, by forwarding cheque for (146)	100	-	-
,, 6.	Sold to Matthew Paul, Goods	87	15	-
,, 6.	Received from Matthew Paul, Cash £71 2 -			
	I allowed him discount ..... - 18 -	72	-	
,, 10.	Received from A. Brand his acceptance at 1 mo. for £100, and cash for £25 (146 & 171)	125	-	-
,, 14.	Bought Goods and paid cheque for them ...	73	10	-
,, 15.	Sold Goods for cash up to this date	158	5	-
,, 15.	Paid into Bank (90)	250	-	-
,, 15.	J. Salt paid cash to meet his P/N. (146) ...	148	-	-
,, 16.	Paid into Bank (90)	148	-	-
,, 18.	Accepted Merchant's draft at 3 mos. (146&172)	200	-	-
,, 18.	Lewis Mart paid to my Bank A/c.	80	-	-
,, 18.	Sold to Alfred Brand, Goods	96	-	-
,, 18.	,, Matthew Paul, Goods	62	5	-
,, 23.	Lewis Mart duly met his bill at the Bank (146)	50	-	-
,, 24.	Received from M. Paul, cash £35, and his acceptance at 2 mos. for £75 (146 & 171)...	110	-	-
,, 28.	My Banker paid cash to D. Jones to lift my P/N. due to-day (142, 146)	115	-	
,, 29.	L. Mart is insolvent; I receive for his debt of £15 a composition of 12/6 in the £ (74 & 95*a*)	9	7	6
,, 30.	Sold Goods for Cash up to this date	176	10	-
,, 30.	Bought Do.	97	15	-
,, 31.	Paid into Bank (90)	140	-	-
,, 31.	Trade Exs. paid by Cash, £7 15; by Cheque	42	5	-

Estimated value of Goods in Stock, £396.

Answer.—*Trial Balance* : *Totals* £4972 10 - ; *Balances* £2769 17 ; *Gross Profit*, £152 10 - ; *Net Profit*, £98 9 6; *Bal. of Cap.*, £1755 19 6; *Total of B/S.*, £2009 19 6. *Cash Bal.*, £27 9 6; *Bank Bal.*, £1275 10s.

N.B.—Journalise the Opening Entries of Ex. 34 thus :—

1907.						
Aug. 1.	*Cash*	*Dr.*	£47 15	-		
	Bank	,,	987 5	-		
	Cloth	,,	675	- -		
	Bills Receivable	,,	198	- -		
	Matthew Paul	,,	72	- -		
	To Merchant & Co.				107 10	-
	,, *Bills Payable*				215	- -
	,, *A. Pupil's Capital A/c.*				1657 10	
			£1980	- -	£1980	- -

Supplementary Exercise 34a.

On 1st Jan., 1907, David Swanson's state of affairs was as follows :—Cash at Office £28, at Bank £300, owing by William McLeod £40, James Hendry £164, John Graves £70, Samuel Hall £50. Goods in stock valued at £300. **He owed** David Evans £160, Edward Kellett £52.

1907.	*Transactions.*	£
Jan. 2.	Received from J. Hendry his acceptance at 1 month for (146 & 171)	100
,, 3.	Sold to George Lee, Goods	70
,, 5.	Gave David Evans my acceptance at one month for (146 & 172)	90
,, 8.	Purchased Goods from Walter Marshman	67
,, 13.	S. Hall gave me his P/N. at 1 month for (146 & 171)	50
,, 20.	Gave W. Marshman P/N. at 1 month for (146 & 172)	67
,, 23.	Paid David Evans by Cheque	50
,, 25.	Sold Goods on credit to Samuel Hall	200
,, 27.	Wm. McLeod handed me his acceptance at 2 mos.	40
,, 30.	Sent Edward Kellett acceptance at 2 months	52
,, 31.	Paid Trade Expenses for month in cash	25
,, 31.	Drew Cheque for Private Expenses (78)	40
Feb. 1.	Sold Goods to John Graves	40
,, 5.	Bank received amount of J. Hendry's acceptance due to-day (146)	100
,, 8.	Paid my acceptance due this day by cheque (146)	90
,, 10.	Purchased Goods from Edward Bailey	90
,, 13.	Accepted Bailey's draft at 3 months for (146 & 172)	90
,, 15.	Sold Goods to John Graves	30
,, 16.	S. Hall pays amount of P/N. due this day into my Bank (146)	50
,, 20.	John Graves sends his bill at 2 mos. (146 & 171)...	140
,, 23.	Honoured my P/N. due to-day by cheque (146) ...	67
,, 24.	Purchased Goods from Edward Kellett	100

		£
Feb.27.	Drew from Bank for Office Cash	30
,, 28.	Paid Trade Expenses from Office Cash	25
,, 28.	Drew Cheque for Private Expenses (78)	30
,, 28.	Allow Interest on Capital for 2 months at 5% (71).	

Goods in stock £300.

Answer :—*T.B. totals* £2691 3 4 ; *balances* £1348 3 4 ; *Gross Profit* £83 ; *Net* £26 16 8 ; *Bal. of Cap.* £703. *Total of B/S.* £965. *Cash Bal.*, £8, *Bank Bal.*, £143.

Supplementary Exercise 34b.

On 1st March, 1907, David Swanson's state of affairs was as follows :—Cash at Office £8, at Bank £143, Stock of Goods £300, McLeod's acceptance due 30th March, £40, Graves' Bill due 23rd April, £140 ; owing by James Hendry £64, Samuel Hall, £200, George Lee £70. **Owing to** David Evans £20, Edward Kellett £100 ; B/E. granted to Edward Kellett, due 2nd April, £52, and Edward Bailey, due 16th May, £90.

1907.	*Transactions.*	£
Mar. 1.	Drew 2 months' bill on J. Hendry, which he accepted for (146 and 171)	64
,, 2.	Sold Goods to John Graves	80
,, 3.	Lee accepted my draft at 3 months for (146 & 171)	70
,, 5.	Bought Goods from Edward Bailey	150
,, 7.	Accepted Kellett's draft at 1 month for (146 & 172)	70
,, 9.	Discounted Hendry's Bill at Bank for £63 10. (161)	64
,, 10.	Sold John Graves Goods	70
,, 10.	John Graves sent me his P/N. at 1 mo. (146 & 171)	100
,, 15.	Bought Goods from Isaac Barrow	100
,, 19.	Edward Bailey drew on me a 2 months' bill for	120
,, 19.	Sold Goods for Cash and paid into Bank	90
,, 29.	Drew from Bank for Office Cash	35
,, 30.	Paid Salaries and Sundry Expenses for month	30
,, 30.	McLeod honoured his bill due to-day by cheq. (146)	40
April 2.	Met acceptance due to Kellett to-day by cheq. (146)	
,, 9.	Retired my acceptance to E. Bailey by cheque, Rebate 10/- (168)	120
,, 10.	Paid E. Kellett's draft due to-day by cheque (146)	
,, 12.	Sold Goods to Gavin Hamilton	60
,, 13.	J. Graves met his P/N. ; lodged proceeds in Bank (146)	100
,, 17.	Returned Goods to Isaac Barrow not according to sample (113)	6
,, 19.	Discounted George Lee's acceptance ; cash received lodged in Bank, Discount charged 7/- (161)	70
,, 19.	Drew on Samuel Hall at 2 months for (146 & 171)	150
,, 19.	Goods sold to James Hendry	75

		£
Apr.23.	J. Graves' Bill due to-day received by cheque (146)	140
,, 25.	Drew cheque for Private Expenses	40
,, 27.	Handed E. Kellett my P/N. at one mo. for balance	30
,, 29.	Drew from Bank for Office Cash	30
,, 30.	Sold Goods to Fred Mitchell for Cash	70
,, 30.	Paid Trade Expenses for month	25

Stock £250.

Answer :—*T.B. totals* £3156 17 ; *balances* £1418 10. *Gross Profit*, £151 ; *Net Profit*, £95 13 - ; *Balance of Cap.*, £758 13 - ; *Total of B/S.*, £1022 13 -. *Cash Bal.*, £268, *Bank Bal.*, £119 13s.

Exercise 23.

1907.		£	s.	d.
Sept. 1.	My books were opened with these balances :— Cash in hand £75, in bank £850, Goods £925, B/R. £132 15, B/P., due 15th Sept., £246, Aldred Boyd owes me £67 10, Neal Dow, of Chicago, owes me £315. I owe Fritz Basile, of Paris, £100 ; and Dore & Co.	154	-	-
Sept. 1.	Purchased Goods from Hy. Clay, Chicago...	204	5	6
,, 2.	Sold Edward Frome, Goods	28	5	-
,, 2.	Bought of Dore & Co., Goods	112	10	-
,, 5.	Sold Frank Gray, Goods	37	15	-
,, 5.	Pd. Dore & Co., Cash £50 ; My Prom. Note at 2 mos. for £100 ; allowed dis. £4 (146 & 172)	154	-	-
,, 10.	Drew from Bank (90)	125	-	-
,, 10.	Bought Goods for Cash	136	-	-
,, 11.	Sold Aldred Boyd, Goods	48	15	-
,, 11.	Sold Neal Dow, Goods	56	10	-
,, 12.	Recd. from Aldred Boyd, £97 10s. Dis. 50/-	100	-	-
,, 14.	Recd. acceptance from N. Dow, due 20th Nov.	75	-	-
,, 14.	Sold Goods for Cash up to this date	205	-	-
,, 15.	Paid into Bank	250	-	-
,, 15.	B/P. due to-day, paid by cheque (146)	246	-	-
,, 20.	Sold Edward Frome, Goods	64	16	-
,, 20.	Forwarded H. Clay, draft at 60 days after sight upon Neal Dow, for (149)	204	5	6
,, 22.	Sold Goods to Tom Fox for a P/N. @ 3 mos.	72	10	-
,, 23.	Edward Frome pays £58 10s. Dis. 30/-	60	-	-
,, 25.	A. Boyd becomes insolvent and pays a composition of 12/- in the £ ; I receive (74, 95a)	9	15	-
,, 25.	B/R. duly met in Cash (146)	132	15	-
,, 26.	Bot. with Cash a bill on Paris and sent same to Fritz Basile in settlement of a/c. (157)...	100	-	-
,, 30.	Sold Goods for Cash up to this date	184	5	-
,, 30.	Paid into Bank	260	-	-
,, 30.	Pd. Exps. this month by cheque £25, by cash	7	10	-

Value of Goods unsold, £755.

Answer :—*Trial Balance* : *totals* £5344 2 - ; *balances* £2775 11 -. *Gross Profit*, £75 - 6 ; *Net Profit*, £36 - 6 ; *Bal. of Cap.*, £1901 5 6 ; *Total of B/S.*, £2113 15 6. *Cash Bal.*, £84 5s., *Bank* £964.

Exercise 36. (See page 181).

Albert and Leo Pupil's Capital of £2000 each consists of Cash £3000; Wool £1000. Profits to be divided equally. 1st Oct., 1907.

Oct. 1.	Paid into Bank	£2500	-	-
,, 1.	Paid Cash, Carriage on Wool (75)	10	5	9
,, 3.	Bought of Seth Riley, Wool	715	10	6
,, 4.	Sold to Bruce Astor, Wool	557	12	6
,, 5.	Pd. S. Riley, by Cheq., £310; Accepted his draft at 21 days £400; Dis. £5 10 6 (146)	715	10	6
,, 8.	Recd. of B. Astor, Cash £50; his acceptance at 1 mo. £500; Dis. £7 12 6 (146 & 171)...	557	12	6
,, 9.	Bought of Seth Riley, Cottages (81)	965	-	-
,, 9.	Discounted B. Astor's acceptance, credited £497 18 4; Dis. charged £2 1 8 (161) ...	500	-	-
,, 10.	Sold Wolsey Terry, Wool	75	6	8
,, 11.	Bought £1300 Canal Shares @ £75, and pd. for them by cheque (83)	975	-	-
,, 11.	Received of Terry his 10 days' Acceptance	75	6	8
,, 14.	Received Cash for Sale of Waste Wool	12	5	7
,, 15.	Pd. in Cash, Legal Charges on Purchase of Cottages (*Debit Cottages & Credit Cash*)	20	10	6
,, 16.	Sold Wool to Wolsey Terry	25	10	-
,, 16.	Do. Bruce Astor	250	15	6
,, 16.	Do. for Cash	75	12	9
,, 17.	B. Astor accepted our draft at 3mos.(146&171)	250	15	6
,, 17.	Remitted S. Riley by Cheq., £165; and our Acceptance @ 2 mos. £300 (146 & 171) ...	465	-	-
,, 21.	Paid Wages in Cash	7	8	9
,, 22.	Discounted B. Astor's Acceptance, pd. proceeds into Bank £245; Dis. charged £5 15 6	250	15	6
,, 24.	Wolsey Terry's acceptance dishon'd (166)...	75	6	8
	Paid Notarial Charges	-	3	4
,, 25.	Sold for Cash £400 Canal Shares @ £80 (83)	320	-	-
,, 25.	Sold four Cottages to B. Astor (81)	430	-	
,, 26.	Bruce Astor paid into my Banking a/c. ...	125	-	-
	And accepted draft at 3 mos. for (146&171)	375	-	-
,, 28.	Terry has become insolvent; we recd. a Composition of 15/- in the £, pd. to Bank (74)	75	15	-
,, 29.	Our acceptance duly hon'rd at Bank (142)	400	-	-
,, 29.	Recd. Cash for Rent ..... £26 5 - (81)			
,, 29.	Do. Canal Dividend... 15 - -	41	5	-
,, 30.	Drawn from Bank on Private a/c....(78) A. Pupil and L. Pupil, each £12 10	25	-	-
,, 31.	Credit each partner Int. on Cap., £8 13 4...	17	6	8

Value of £900 *Canal Shares @* £77, £693; *Cottages* £600; *Wool* £800. *Cash Bal.* £960 15s., *Bank Bal.* £1568 13 4.

Answer:—*Trial Balance*: *totals* £14923 18 -; *balances* £5925 14 8. *Gross Profit on Wool,* £81 12 6; *on Canal Shares,* £38; *on Cottages,* £44 9 6. *Net Profit,* £135 1 8. *Balance of each Capital A/c.,* £2063 14 2. *Total of B/S.* £4997 8 4.

CONSIGNMENTS.

174. CONSIGNMENTS sent out. To send goods "on consignment" differs from sending them in fulfilment of "an order," in that there is generally no order at all. A "consignment" is a transaction where goods are sent to another town, but more frequently to a foreign country, to an agent known as a **factor,** who, for a commission, on the amount realised, sells such a "consignment" at the best price obtainable. When you (the *consignor*) "consign" goods you merely transfer them from your own warehouse to that of the factor (the *consignee*) for sale, in the hope of making a profit. Such an **outward** consignment is sometimes called an **Adventure,** because it is something risked. When Consignments are numerous a separate **Consignment Ledger** should be kept.

A special subsidiary book, known as the **Consignment Book Outwards,** should be kept for recording such transactions, on a plan similar to the Sales Book. After entering full particulars of the "consignment" therein you would copy from it the invoice to be sent to the factor, the consignee, who, although he is not the purchaser, must be supplied with a **pro forma Invoice** (for form's sake), so that he may have information as to the value of, and charges upon, the goods.

Transaction "Nov. 17. Sent to Robert Keld, Newcastle, to be sold on our a/c. 84 chests Congou, 7200 at 2/- lb. £720."

Not having sold the tea to Keld you cannot charge his personal a/c. with the amount. He merely holds and warehouses the goods *on your behalf,* and therefore does not owe you for their value. You must open and debit a **special goods a/c.** entitled *Consignment of Tea to R. Keld, Newcastle.* This a/c. must be dealt with like a separate Goods A/c. You will debit it with the cost of the goods, also all charges and expenses incurred in respect thereof, which increase the cost of the consignment, such as carriage, cartage, freight, storage, insurance, duty, commission, &c.; and credit it with all

receipts from Keld in respect of sales effected by him, also for any portion of the goods returned by him. The entry for the above transaction would, in *practical work,* be made in the Consignment Book and duly posted from there. In theory it would be journalised thus :—

Consignment of Tea to R. Keld—Dr. £720.
To Tea A/c. .....£720.

The transaction :—

" Nov. 19. Paid in Cash **carriage** on Tea consigned to Newcastle ..... £10 13 4."

would either be entered in the C.B. or journalised :—

Consignment of Tea to R. Keld (Carr.) Dr. £10 13 4
To Cash £10 13 4

It is a common practice for the *consignee* to **advance** to the *consignor* on security of the consignment, by means of a B/E., a sum of money, not exceeding three-fourths the value of the goods; for instance :—

" Nov. 22. Received from Robert Keld, bill at one month, as an advance on Consignment of Tea £300."

As Keld, the *consignee,* may never sell this Tea, this amount, although advanced by him to you as against the goods, must *not* be credited to the Consignment A/c., but to Keld's **personal a/c.** In case the tea should be returned to you, then Keld would be your creditor for £300. This B/R. from Keld you would either enter in the Bills Receivable Book, or journalise thus :—

B/R. Dr. £300. *To Robert Keld* £300.

If, however, the above amount had represented a **sale** by Keld of £300 worth of the Tea consigned, and he had remitted a bill for the amount, then you would have entered the B/R. in the Bill Book, *and* journalised thus :—

Robert Keld Dr. To Consignment of Tea £300.

175. ACCOUNT SALES (A/S.). On sale of the tea, R. Keld would render to you particulars thereof known as "Account Sales," which is a detailed statement of goods sold on Commission, sent by a *consignee* to the *consignor* of goods. It resembles an Invoice in

showing the weight of the goods sold, the prices realised, and the net result after deducting the freight, commission, and all other expenses attending the sale. An A/S. is also delivered to a merchant by his broker, when the latter has sold goods at a public auction on the merchant's a/c. In this case the weight of each lot sold, the prices obtained, and the net proceeds of the sale would be shown, after deducting the cost of advertising, the sale expenses, and the broker's commission.

176. An **Account Sales Book** of some description should be kept for recording the sales of goods sent "on consignment." It may either be a separate book, or the *Consignments Book Outwards* could be used; the left-hand page being used for details of the goods sent, and the right-hand page reserved for details of the result—the Account Sales. Or an **Account Sales Guard Book** might be employed, similar to the *Bought Guard Book* explained on page 87.

Account Sales of 84 Chests Congou sold on a/c. of Messrs. Pupil Bros., Huddersfield.

R. K.			Per lb.	£	s.	d.	£	s.	d.
18/4	42	*Congou* 3600 *lbs. net*	2/3				405	-	-
	42	*Do.* 3600 ,,	2/4				420	-	-
							825	-	-
		Charges							
		Insurance		8	-	-			
		Cartage		2	15	-			
		Storage.....		9	10	-			
		Commission @ 3% ..		24	15	-	45	-	-
		Net Proceeds..					780	-	-
		Remitted Bill on a/c..					300	-	-
							£480	-	-

E. & O. E.

Newcastle, 25th November, 1907.

ROBERT KELD.

177. The receipt by you of the above A/S. is a "transaction," and would be described thus :—

"Nov. 26. Received from Keld, Newcastle, A/S. showing that Tea had realised net £780."

Having sold your Tea, Keld is now indebted to you for the *net* amount realised, therefore debit his **personal** a/c., and journalise as follows :—

Robert Keld .....*Dr.* £780.
To Consignment of Tea to Keld.....£780.

If Keld had not made a remittance to you on a/c. before the sale of the Tea, and when forwarding his A/S. had enclosed a cheque or sight draft in payment of the whole of the net proceeds, a personal a/c. with Keld would *not* have been absolutely necessary, in which case the transaction would have been stated thus :—

"Received from R. Keld, Newcastle, A/S. showing that Tea had realised net £780, and enclosing his cheque for the amt." and would either have been entered in the Cash Book :—
"*To Consignment of Tea to R. Keld,* £780," or journalised, :
"*Cash Dr.* £780. *To Consignment of Tea to R. Keld,* £780."

178. When freight, carriage, insurance, &c., are due but not actually paid, open a Suspense A/c. for these **outstanding expenses,** and credit it with the total of the various charges. In **closing outward** Consignment A/cs., when the whole of the goods consigned have been sold and A/S. rendered to you, the *difference* is either a profit or a loss, and must consequently be transferred to the P. & L. A/c. Should the whole or any part of the consignment remain **unsold,** the value of such *stock* should be credited to the a/c., which is balanced in the same way as a goods a/c., the *difference* being carried to the P. & L. A/c. and the balance of stock brought down.

Dr. **Consignment** OF **Tea** TO R. KELD. (EX. 37.) **Cr.**

1907.		£	s.	d.	1907.		£	s.	d.
Nov. 17	To Tea	720	-	-	Nov. 26	By Account Sales...	780	-	-
" 19	" Carriage	10	13	4					
" 30	" *Net Profit to P. & L. A/c.*	49	6	8					
	£	780	-	-		£	780	-	-

Dr. **Robert Keld.** (Ex. 37.) **Cr.**

1907.		£	1907.		£
Nov. 26	To Consignment of Tea	780	Nov. 22	By B/R.	300
			,, 30	,, *Balance* ..... *c/d*	480
	£	780		£	780
Dec. 1	To Balance..... b/d	480			

Dr. **Consignment** to (H. POOLE) **Smyrna** **Cr.**

1924.		£	s.	d.	1924.		£	s.	d.
Jan. 1	To Balance ..... b/f	680	-	-	Jan. 15	By Draft.....	750	6	8
,, 6	,, Angles	640	-	-	,, 28	,, Draft..	420	-	-
,, ,,	,, Freight Chgs....	56	2	9	,, 31	,, *Bal. (Stock) c/d*	338	4	6
,, 30	,, NET PROFIT	132	8	5					
	£	1508	11	2		£	1508	11	2
Feb. 1	To Balance .....b/d	338	4	6					

179. CONSIGNMENTS received. An **Inward** consignment is the transference of goods to you, the *consignee,* by the *consignor,* for sale on commission.

Transaction :—" Nov. 4. Received consignment from H. Vint, Java, of 40 tierces of coffee, invoiced at £600."

There are **two methods** of dealing with Consignments *Inwards;* the theoretical and the practical. Theoretically **no entry** is needed in your Ledger on the receipt of a consignment of goods such as the above. You have *not ordered* and are therefore not liable for the value of the goods until sold. Although no a/c. is required to be opened in the Ledger, you must, however, *record* the *receipt* by you of the consignment in the **Consignment Book Inwards;** the particulars being obtained from the *pro forma* Invoice supplied by the *consignor.*

Transaction :—" Nov. 6. Paid in cash Freight on Consignment from H. Vint ..... £30 6 8."

Now that you have made a payment in respect of Vint's consignment you must open a **personal** a/c. with him, and debit him with all payments made by you in respect of the consignment of coffee, and credit him

with the amount realised on sales. Either enter in the C/B., '*By Hugh Vint, (Freight)*' or journalise :—

"*Hugh Vint (Freight) .....Dr. To Cash* £30 6 8."

Transaction :—" Nov. 9. Remitted a Bill on a/c. of consignment of Coffee for £400 " would either be entered in the B/P. Book or journalised "*Hugh Vint Dr. To B/P.* £400."
Transaction : "Nov. 12. Sold Keen, Coffee from Vint, £145 11."
Transaction : " Nov. 14. Sold Keen, Coffee from Vint, £180."

In both cases journalise, *debiting* Keen and *crediting* Vint.

Transaction : " Nov. 15. Placed to our own a/c. H. Vint's Coffee, £210."

Enter either in Purchases Book or journalise :—

Coffee A/c. Dr. to Hugh Vint.

Transaction : " Nov. 25. Forwarded A/S. of Coffee to H. Vint. Commission charged...£26 15 8."

This commission is your profit for effecting the sales, therefore journalise, *debiting* H. Vint and *crediting* **Commission A/c.** The *difference* of the latter A/c. must be carried to the P. & L. A/c. when closing the books.

From the above transactions you will see that an **inward** consignment is dealt with exactly like a **personal** a/c. and the *difference* represents either a balance due to you or by you.

Dr. **Hugh Vint.** (Ex. 37). **Cr.**

1907		£	s.	d.	1907		£	s.	d.
Nov. 6	To Freight.....	30	6	8	Nov. 12	By Jas. Keen.....	145	11	-
,, 9	,, B/P.	400	-	-	,, 14	,, Jas. Keen.....	180	-	-
,, 25	,, Commission ...	26	15	8	,, 15	,, Coffee A/c.	210	-	-
,, 30	,, *Balance*..... c/d	78	8	8					
	£	535	11	-		£	535	11	-
					Dec. 1	By Balance .....b/d	78	8	8

The **practical method** of dealing with a Consignment **Inwards** is to open a **Personal Consignment A/c.** and *debit* it with the invoice value of the goods; at the same time *crediting* another **personal A/c.** of the consignor. This latter personal a/c. should be debited with any *expenses* incurred in connection with the consignment, as well as with any remittance to the consignor.

On the sale of the goods the purchaser would be debited and the personal account, "Consignment from H. Vint," credited. The personal Consignment A/c. is **closed** by carrying the *difference* thereof, representing the gross profit or gross loss, to the other **personal a/c.** of the consignor, as shown below.

Dr. **Consignment from H. Vint.** (Ex. 37). **Cr.**

1907		£	s.	d.	1907		£	s.	d.
Nov. 4	To Invoice Value of Coffee	600	-	-	Nov. 12	By Sale, J. Keen ...	145	11	-
					„ 14	„ Sale, J. Keen ...	180	-	-
					„ 15	„ Sale, Selves ...	210	-	-
					„ 30	„ *Transfer to H. Vint's A/c.*	64	9	-
		£ 600	-	-			£ 600	-	-

Dr. **Hugh Vint.** (Ex. 37). **Cr.**

1907		£	s.	d.	1907		£	s.	d.
Nov. 6	To Freight.....	30	6	8	Nov. 4	By Consignment of Coffee	600	-	-
„ 9	„ B/P.	400	-	-					
„ 25	„ Commission ...	26	15	8					
„ 30	„ Transfer from Consignment A/c.	64	9	-					
„ 30	„ *Balance* .....c/d	78	8	8					
		£ 600	-	-			£ 600	-	-
					Dec. 1	By Balance .....b/d	78	8	8

180. DUTIES. As a means of revenue for the country two kinds of taxes are imposed on merchandise and manufactures. (1) Duties on certain goods produced and consumed at home, called *Excise,* and (2) Duties imposed on goods on their importation into or exportation out of a country, called *Customs.* Such duties are imposed on the basis of a schedule or list issued by the Government, called a **Tariff,** and collected by Customs and Excise officers at the time the goods are delivered for use in this country.

If you purchase Whiskey produced at a cost of about £5, you would be required to pay in duty about £15, bringing the cost of the Whiskey up to £20. Therefore as all amounts paid for duty on Goods increase their cost, such amounts must either be debited against the goods a/c. in respect of which they are paid, or a "Duty

A/c." must be opened, the total of which, on balancing, would require transferring to the Trading A/c. affected.

Exercise 37.

Albert and Leo Pupil, trading in partnership under the style of Pupil Bros., as Tea and Coffee Merchants, find their Assets and Liabilities on the 1st November, 1907, to be as follows :—

Assets :—Cash, £1846 2s. 4d. ; Tea, £1680; Coffee, £900; Jas. Keen, £101 1s. ; B/R. on Alfred Carr for £600, and on S. Hunt for £500. *Liabilities* :—Alfred Carr, £107 3s. 4d. ; B/P. due to W. Mack, 5th Nov. for £800, and one due to J. Routh, 30th Nov., for £720. Capital belongs partners in equal shares.

(Separate A/cs. must be kept of Tea and Coffee.)

Nov.	1.	Deposited Cash in Bank	£1600	-	-
,,	1.	Made advance for Petty Cash (76)	20	-	-
,,	2.	Received Cheque from James Keen	101	1	-
,,	2.	Remitted Alfred Carr, Cheque	100	-	-
,,	3.	Sold to James Keen, Tea, £560 ; Coffee, £480	1040	-	-
,,	3.	Paid for Stationery out of Petty Cash	6	5	-
,,	4.	Recd. Consignment from Hugh Vint, Java, of 40 tierces of Coffee, invoiced at (179)...	600	-	-
,,	5.	B/P. honoured at Bank (142)	800	-	-
,,	5.	Bought of A. Carr, Tea, £600 ; Coffee, £320	920	-	-
,,	6.	Paid in Cash, Duty on Tea (180) *Debit Tea A/c.*	20	13	4
		Pd.Cash Freight on Consign. from Vint (179)	30	6	8
,,	7.	A. Pupil and L. Pupil each drew a cheque for their private expenses .....£50 - -	100	-	-
,,	8.	Sold A. Carr and took his acceptance at 16 days for the amt. (146)...Coffee £550...Tea £160	710	-	-
,,	9.	Recd. from J. Keen in settlement of his a/c. a B/E. due 15th Nov., £800, Cash £240	1040	-	-
,,	9.	Remitted Hugh Vint a Bill at one month on a/c. of Consignment of Coffee for (179) ...	400	-	-
,,	9.	A. Carr's Bill due to-day, dishonoured (166)	600	-	-
,,	11.	B/R. honoured at Bank (145)	500	-	-
,,	11.	Alf. Carr discharged his dishonoured acceptance, and Int. £1 13 in cash (*N.B.a*) ...	601	13	-
,,	12.	Sold James Keen, Coffee from H. Vint (179)	145	11	-
,,	12.	Remitted cheque for carriage on Tea (75)...	30	11	-
,,	12.	Bought of Alfred Carr, Tea	580	-	-
,,	13.	Accepted Carr's draft at 1 mo. on a/c. £920 including 1 mo.'s int. £3 16 8 (*N.B.b.*)...	923	16	8
,,	13.	Paid Wages in Cash (Trade Exs. a/c.) ...	34	5	-
,,	14.	Sold James Keen, Coffee .....£320 - - (179) ,, ,, from Vint £180 - -	500	-	-
,,	14.	Drew on J. Keen at 2 mos. including £4 3 4 for interest (*N.B.c.*)	504	3	4

Nov.15.	Paid A. Carr, cheq. £577 15 -, Dis. £2 5 -...	£580	-	-
,, 15.	J. Keen's Bill due to-day dishonoured (166)	800	-	-
	Paid Noting Charges out of Petty Cash ...	1	1	-
,, 15.	Placed to our own a/c. Vint's Coffee (179)...	210	-	-
,, 16.	Retired Bill due 30th Nov. by cheq. £717 5 -			
	(168) And was allowed rebate ... 2 15 -	—720	-	-
,, 17.	Sent Robert Keld, Newcastle, to be sold on			
	our a/c. 84 chests Congou, 7200 @ 2/- (174)	720	-	-
,, 18.	J. Keen forwards his acceptance at 7 days			
	with noting exp. and £10 for int. (*N.B.d*)	811	1	-
,, 19.	Sold James Keen Coffee for Cheque £80 - -			
	And on credit ..... 121 1 -	—201	1	-
,, 19.	Pd. in Cash Carr. on Tea consig'd to Newc'tle	10	13	4
,, 20.	Bot. of A. Carr, Tea for Cheque...60 - -			
	B/P. at 3 mos. £200, on Credit...400 - -	—660	-	-
,, 21.	Discounted at Bank J. Keen's Bill: Proceeds			
	(161) pd. to Bank £500, Dis. thereon £4 3 4	504	3	4
,, 22.	Recd. from R. Keld, Bill at 1 month as an			
	advance against Consignment of Tea (174)	300	-	-
,, 23.	Discounted Alfred Carr's Bill at Bank. Net			
	proceeds £707 1. Dis. £2 19 (161)	710	-	-
,, 25.	Forwarded A/S. of Coffee to Hugh Vint.			
	Commission charged (179)	26	15	8
,, 26.	Recd. from R. Keld, Newcastle, A/S. showing			
	that Tea had realised net (177)	780	-	-
,, 27.	Alfred Carr's Bill previously discounted at			
	Bank returned dishonoured (166)	710	-	-
,, 28.	Keen met his acceptance for £811 1 - due to-			
	day with a 2 mos. bill including int. for(167)	835	7	8
,, 29.	Paid Cash for Rent	52	10	-
,, 29.	Credit each partner with Int. on Cap. £17...	34	-	-
,, 29.	Debit partners Int. on withdrawals 8/4 ea.(78)		16	8
,, 30.	*Value of Stock, Tea* £2200; *Coffee* £290.			

N.B.—(*a*) Total in C.B.; pass Interest through the Journal.
(*b*) Total in B/P. Book; pass Interest through the Journal.
(*c*) Total in B/R. Book; pass Interest through the Journal.
(*d*) Total in B/R. Book; pass Interest through the Journal.

Answer.—*Trial Balance*: *totals* £28115 2 -; *balances* £5906 - 8. *Gross Profit on Tea*, £68 15s. 8d., *Coffee* £411 1s. -; *on Consignment* £49 6s. 8d.; *Net Profit* £463 19s. 8d.; *Bal. of each Cap. A/c.* £2198 11s. 6d. *Total of B/S.* £5999 8s. 4d. *Cash Balance* £1100 8s.; *Bank Balance* £211 10s.

181. A JOINT ADVENTURE A/c. is the record of a **speculation** entered into by two or more persons, in order to divide the result of the adventure. A Joint Speculation a/c. must be treated like an Outward Consignment a/c. until it is necessary to close it; that is, debit all payments and credit all receipts in respect of the goods speculated upon.

Transaction :—" Dec. 7. Bought of Peter Shaw, Tea, on Joint A/c. with Thos. Watts, £370 14s. 6d." Journalise :—

Joint A/c. with Thos. Watts, Dr. £370 14 6.
To Peter Shaw £370 14 6

Transaction :—" Dec. 9. Received from T. Watts, Cash for his half thereof.....£185 7 3." Enter either in C.B. or journalise :—*Bank Dr. To Thomas Watts* £185 7 3.

Transaction :—" Dec. 20. Sold to John Hale the Tea purchased on Joint A/c. with T. Watts.....£435." Journalise :—

J. Hale .....*Dr.* £435.
To Joint A/c. with T. Watts £435

Transaction :—" Dec. 20. Commission charged on sale thereof .....£6 10 6." Journalise :—

Joint A/c. with T. Watts .....*Dr.* £6 10 6.
To Commission A/c. .....£6 10 6.

The **Joint A/c.** being a Goods A/c. is **balanced** by transferring *one half* of the *difference* to the personal a/c. of Thos. Watts, and the other half to your own P/L. A/c.

Dr. Joint Account WITH **Thomas Watts.** (Ex. 38.) **Cr.**

1907		£	s.	d.	1907		£	s.	d.
Dec. 7	To Tea of Peter Shaw ...	370	14	6	Dec. 20	By Sale to Hale	435	-	-
" 20	" Commission	6	10	6					
" 31	" **Profit** *transferred to*:								
	T. Watts A/c. ½ £28 17 6								
	P. & L. A/c. ½ £28 17 6								
		57	15	-					
	£	435	-	-		£	435	-	-

182. SUSPENSE A/c. (sometimes called a Contingent A/c.). This is an a/c. wherein various items are recorded, which, owing to death, oversight, postal irregularities, or want of detail or information at the time of entry, cannot be placed to their proper a/cs. in the Ledger. It is also used for adjustment and **apportionments,** such as recording the **proportions** of Wages, Insurance Premiums, Rates, Taxes, Gas, Electricity, Water, Trade Expenses, &c., **unpaid** or **prepaid,** which are chargeable or allowable in respect of the period for which you are preparing a P/L. A/c. For instance, suppose you are closing your books on the 31st December, and the last payment of Wages was only to the 28th, it is clear that if your Wages a/c. is to be correct

you must debit it with the amount earned in respect of those 3 intervening days, and credit what?—certainly not cash, for those wages are *not paid,* but a Suspense A/c. The transaction :—

"Dec. 30. Rent, Rates, and Taxes *due* £28 4 -."

must be journalised :—

Rent, Rates & Taxes A/c. Dr. £28 4 -
To Suspense A/c. ..... £28 4 -

On the other hand, insurance, rates or taxes, &c., may have been paid in *advance,* in which case the proper proportion of these items should be debited against the Suspense A/c. and the T/E. or other A/cs. credited. Whenever the sums credited to the Suspense A/c. are paid they must be debited to the Suspense A/c. and credited to Bank or Cash, *e.g., "Paid Rent due last month,"* must be entered on the Cr. side of the Cash Book, thus :—"*Dec.* 5. *By Suspense A/c. (Rent)* £25." And on the contrary, when the period in respect of which an item was debited to the Suspense A/c. has expired, the amount must be debited to the T/E. or other a/c., and credited to Suspense A/c. In *apportioning* Trade Exs., &c., *for a given period,* a Suspense A/c. is *not* absolutely necessary. For instance, referring to the three days' Wages unpaid on the 31st Dec., they could be debited to the Wages A/c. for 1925, and credited to the Wages A/c. for 1926, through the medium of the Journal thus :—

1925. *Dec.* 31. *Wages A/c. Dr.* £300
1926. *Jan.* 1. *To Wages A/c.* £300

Should this method be adopted it will be seen that a Nominal A/c. may show either an asset or a liability.

Dr. **Wages A/c.** **Cr.**

1925		£	1925		£
Dec. 21	To Bank.....	30000	Dec. 31	*By Transfer to P. & L. A/c.*	30900
,, 28	,, Bank.....	600			
,, 31	,, Wages owing c/d	300			
		£ 30900		£	30900
			1926		
			Jan. 1	By Amount owing ...	300

Dr. **Fire Insurance A/c.** **Cr.**

1927		£	s.	d.	1927		£	s.	d.
Mar. 25	To Cash	200	-	-	Dec. 31	By amount prepaid carried down...	246	5	-
June 24	,, Do.	150	-	-		,, *Transfer to P. & L. A/c.* ...	371	15	-
Sep. 29	,, Do.	168	-	-					
Dec. 27	,, Do.	100	-	-					
	£	618	-	-		£	618	-	-
1928 Jan. 1	To amount prepaid	246	5	-					

183. RESERVE for **DOUBTFUL DEBTS,** sometimes termed **BAD DEBTS RESERVE.** In closing your books and preparing the Balance Sheet it is essential that you should make ample provision for all possible liabilities, otherwise your assets may appear greater than they actually are. It is unlikely that *all* your debtors are financially sound, and in view of possible defaulters, you should examine each personal a/c. in your Ledger, and in a memorandum book make a list of such as are in the least *doubtful.* You will then be able to form an estimate of the amount unlikely to be recovered. An allowance in respect thereof should be charged against the current profits by being debited to the P. & L. A/c., and credited to the *Reserve for Bad Debts A/c.* It is a common practice to "write off" at each balancing a given *percentage,* say 5% on the total of the book debts. If there be a *Cr. balance* on the *Reserve for Bad Debts A/c.* at the end of the previous year, this amount *may* be *deducted* from the new percentage allowance.

No further entry must be made in this a/c. until the next balancing. All **bad debts** occurring between one balancing and another must be placed, as usual, to the "Bad Debts A/c." as directed by par. 74. When closing the books the **total** of the "Bad Debts A/c." must be transferred to the Dr. side of the "Reserve for Bad Debts A/c." and the Cr. balance of the latter a/c. carried down. If the total of the "Bad Debts A/c." should *exceed* the amount of the Reserve, the *difference* must be debited (by Journal entry) to the P. & L. A/c., and credited to the "Reserve for B/D. A/c." in which case the latter would, of course, balance. After thus

closing the "Bad Debts A/c." and adjusting the "Reserve for B/D. A/c." the percentage allowance for the following period must be ascertained, such amount being debited to the P. & L. A/c., and credited to the "Reserve for B/D. A/c." If the total of the Bad Debts does not exhaust the Reserve, and *no* further provision is required, there is nothing to charge to the P. & L. A/c. By way of illustration the following transactions are recorded below :—

1924. Jan. 1. Balance of Reserve of 5% for Bad Debts on £5000 b/f. £250

June 30. Total of Bad Debts A/c. on closing books... £150
(*Journalise "R. for B/D.A/c." Dr. to B/D.A/c.*£150)

June 30. Reserve 5% for Bad Debts on .....£4500 after allowing £100, being credit bal. of Reserve for B/D. A/c. £125
(*Journalise P/L. A/c. Dr. to R. for B/D. A/c.* £125)

Dec. 31. Total of Bad Debts A/c. on closing books £285
(*Journalise R. for B/D. A/c. Dr. to B/D. A/c.* £285)
(*Journalise P/L. A/c. Dr. to R. for B/D. A/c.* £60)

Dec. 31. Reserve 5% for Bad Debts on £5500..... £275

Dr. **Reserve for Bad Debts A/c.** **Cr.**

1924		£	1924		£
June 30	To Bad Debts A/c....	150	Jan. 1	By Balance ..... b/f	250
	,, *Balance*..... c/d	225	June 30	,, P. & L. A/c.	125
		£375			£375
Dec 31	To Bad Debts A/c....	285	July 1	By Balance .....b/d	225
,, ,,	,, *Balance*..... c/d	275	Dec. 31	,, P. & L. A/c.	60
			,, 31	,, P. & L. A/c.	275
		£560			£560
			1925		
			Jan. 1	*By Balance* .....b/d	£275

The record in the **Profit & Loss A/c.** would be :—

Dec. 31. *To Bad Debts written off* £285
Add Reserve for Bad Debts on £5500 @ 5% ..... 275— £560

Less Cr. Bal. of Reserve b/f. 225— £335

When preparing the **Balance Sheet,** the amount standing to the credit of the "Reserve for Bad Debts A/c." should *not* be entered on the Liabilities side of the sheet, as other credit balances are, but should be **deducted** from the total amount of **book debts** or debtors entered on the Assets side, thus reducing the amount of that asset to its true value, as follows :—

Sundry Debtors on Open A/cs.	£5500	
Less Bad Debts Reserve	275—	£5225

In Exercise 38 enter in the Balance Sheet as follows :

Sundry Debtors, viz. :—			
Rufus Kemp	£525 6 8		
John Hale	435 - -	960 6 8	
Less Bad Debts Reserve	20 - -	940 6 8	
Leo. Pupil's Cap. A/c.		4 1 11	

184. RESERVES for DISCOUNT. It is customary in most trading concerns to allow cash discounts in respect of payments made within a stated period. It would therefore be incorrect to place the *full* amount of the *book debts* as an *asset* in the B/S., seeing that most of the **debtors** will claim discount on their respective payments. It is accordingly advisable to charge against the current profits a given **percentage**—say 5%—on the total amount of the book debts, *after deducting* the Reserve for Bad Debts. For instance, suppose the debtors' balances to be £6000, upon which £300 has been reserved for Bad Debts, the allowance for Discount would be reckoned on the reduced amount of £5700. No further entry must be made in the Reserve for Discount A/c. until the next balancing, when the **total** of the *actual* Discount A/c. would be transferred and *debited* to it, in a similar manner to the total of the Bad Debts A/c., referred to in the last paragraph.

Dr. **Reserve for Discount on Debtors' A/c.** **Cr.**

1924		£	1924		£
June 30	To Discount allowed for half-year as per C.B.	240	Jan. 1	By Balance b/f being 5% on Book Debts, £5700 ...	285
„ 30	„ *Balance .....c/d*	368	June 30	„ P. & L. A/c. 5% on Book Debts, £7360 (after deducting reserve)	323
		£ 608			£ 608
Dec. 31	To Discount allowed for half-year as per C.B.	400	July 1	By Balance .....b/d	368
			„ 31	„ P. & L. A/c.	32
			„ 31	„ P. & L. A/c. 5% on Book Debts, £7500	375
„ 31	„ *Balance .....c/d*	375			
		£ 775			£ 775
			1925		
			Jan. 1	By Balance .....b/d	375

The record in the **Profit & Loss A/c.** in each case would be as follows :—

June 20. *To Discount allowed on Sales*..... £240
Add Reserve for Discount on Debtors £7360 @ 5% ..... 368— £608
Less Cr. Balance of Reserve b/f. 285— £323

Dec. 31. *To Discount allowed on Sales* £400
Add Reserve for Discount on Debtors £7500 @ 5% ..... 375— £775
Less Cr. Balance of Reserve b/f. 368— £407

The record in the **Balance Sheet** on 30th June would be :—

Sundry Debtors on Open A/cs. £7748
Less Bad Debts Reserve ..... 388— £7360
Less Reserve for Discount ..... 368— £6992

Reserve for discount on **creditors** may also be deducted in a similar manner as the reserve on debtors; the result, of course, being quite opposite in its effect.

Dr. Reserve for Discount on Creditors A/c. Cr.

1924		£	1924		£
Jan. 1	To Balance b/f. being 5% on Creditors £5700	285	June 30	By Discount allowed for half-year as per C.B.	240
June 30	„ P. & L. A/c. 5% on sum due to Creditors £7360	323	„ 30	„ *Balance* .....*c/d*	368
		£ 608			£ 608
July 1	To Balance ..... b/d	368			

The record in the **Profit & Loss A/c.** would be :—

June 30. By Discount allowed on Purchases... £240
Add Reserve for Dis. on Creditors 368—608

Less Dr. Balance on Reserve b/f. 285— £323

The record in the **Balance Sheet** would be as follows :

Sundry Creditors on Open A/cs. £7360
Less Reserve for Discount ..... 368— £6992

Exercise 38.

On the 1st Dec., 1907, Albert and Leo Pupil entered into Partnership; the arrangement being that Albert was to find all the Capital, and that he was in consequence thereof to have two-thirds of the profit, whilst Leo was only to have the remaining one-third.

Assets :—Cash at Bank, £772 13 6, B/R. due 21st Jan., £45 16 6, Consignt. to Hume & Co., Madras, £430 18 6, Merchandise on hand £529 1 8, Cash £27 6 6, Office Furniture £75, Consignment from Dent & Co., Calcutta, £540. *Liabilities* :—B/P. due 16th Dec., £50, B/P. due 21st Feb. £300, Suspense A/c. for Rent, Rates, Taxes, &c., £30 16 8, Dent & Co., £240, A. Pupil's Cap. £1800. All receipts and payments through the Bank unless otherwise stated.

Dec. 2.	Sold to Joseph Turner, Goods	£330	10 6
„ 2.	Drew a bill at 2 mos. on J. Turner (146, 171)	322	6 10
	And allowed him Discount	8	3 8
„ 5.	Paid rent due *last month* (182)	25	- -
„ 6.	Sold to Rufus Kemp, the Consignt. of Goods on a/c. of Dent & Co., Calcutta (179)	525	6 8
„ 6.	Our Commission for selling same	7	17 6
	Our charges on same deducted from A/S....	4	13 2
	Dent & Co., Dr. To Com. & Charges A/c. £12 10 8. Paid out of Cash Dock Charges thereon	3	16 8

Dec. 7.	Bought of Peter Shaw, Tea on Joint a/c. with Thomas Watts (181)	£370	14	6
,, 9.	Received from T. Watts, for his half (181)...	185	7	3
,, 11.	Discounted with Bank, Draft on J. Turner Dis. £4 16 8, total (161)	322	6	10
,, 13.	Received A/S. from Hume & Co., Madras, showing that *part* of our Consignment to them had realised, after deducting Com. and charges, the sum of (176)	356	18	9
	Leaving balance unsold £139 9 9			
	Drew on Hume & Co., at 3 mos. for (146, 171)	356	18	9
,, 16.	Paid Bill falling due this day (142)	50	-	-
,, 17.	Paid Taxes due last Nov. out of Cash (182)	5	16	8
,, 20.	Sold to John Hale, the Tea bought on Joint a/c. with T. Watts (181)	435	-	-
	Commission charged on sale thereof	6	10	6
,, 20.	Retired by Bank, B/P. Rebate £2 6 8 (168)	297	13	4
,, 30.	Office Expenses paid out of Cash	4	10	-
	Clerk's Salary paid do.	10	-	-
,, 30.	Rents, Rates, and Taxes, *due* (182)	28	4	-
,, 30.	Partners' withdrawals, Alb. £60, Leo £35 (78)	95	-	-
,, 30.	Credit Interest on A. Pupil's Capital (71) ...	6	5	-
,, 30.	Allow for Depreciation of Furniture (82)...	1	-	-
,, 30.	Reserve for Bad Debts (183)	20	-	-

Merchandise on hand £258 9 6.

Answer.—*Trial Balance*: *totals* £6208 - 7; *balances* £3041 10 1; *Gross Profit on Goods* £59 18 4; *on Joint A/c.* £28 17 6; *on Consignment*, £65 10; *Net Profit*, £92 14 4; *Balance of A.P. Cap. A/c.*, £1808 1 3; *Dr. Balance of L.P. Cap. A/c.* £4 1 11, *Total of B/S.*, £2630 3 10. *Cash Balance*, £3 3s. 2d.; *Bank Balance*, £807 17 7.

185. A TRIAL BALANCE may either consist of **(1)** the **total postings** to the Ledger, or **(2)** simply the **differences** or **balances** of the **postings.** The former method is the more advantageous one when all the transactions are journalised, because in addition to the equalisation of the totals you have the further check afforded by their agreement with the totals of the Journal. The second plan of taking out the **balances** is the one adopted in **business** and most **examinations,** as it exhibits in a very concise form the information from which, after the value of the goods on hand, or on consignment, &c., has been estimated, and the depreciation of buildings, machinery, plant, furniture, &c., has been written off, a P/L A/c. and a Balance Sheet may be constructed. In **practical work** you must not

fail to remember that the totals or balances of the various columns in that section of the Ledger, known as the Cash Book and Petty Cash Book, require to be included in the Trial Balance.

The **differences** shown in the Trial Balance of the Personal A/cs., and of Cash, Bank, B/R., B/P., &c., give the correct amounts of the debit and credit balances without further manipulation. It is well for the book-keeper to prepare a rough T.B., **monthly** or at least **quarterly**, so that in case of errors or omissions they may be discovered and rectified without being put to the annoyance of having to search through numerous entries extending over a long period of time. The adoption of this suggestion will greatly facilitate the closing of the books at the half-yearly or annual balancing.

186. A Trial Balance, the totals of which agree, **does not** conclusively **prove** the **accuracy** of the **books**, as it will not disclose the following errors :—**(1)** An amount posted to the wrong account, although on the right side of the Ledger. **(2)** An error in the book of original entry, such as the purchase of goods amounting to £53 7s. entered in the Purchases Book as £5 3s. 7d. **(3)** A compensating mistake, *i.e.*, £50 5s. posted to the debit of a customer in the Sales Ledger as £30 5s., and the undercasting of the Sales Book by £20.

187. The **disagreement** of a Trial Balance may arise from any of the following causes :—**(1)** Omission to post an item from the book of original entry to the Ledger. **(2)** Mistake in posting an item, such as the transposition of £42 6s. to £4 2s. 6d. **(3)** Posting an item to the debit instead of the credit, or vice versa. **(4)** Extracting the balance as a debit instead of a credit, or vice versa. **(5)** Omitting a balance altogether. **(6)** Casting a Ledger a/c. wrongly, and thus causing a mistake in the balance. **(7)** Casting the book of original entry wrongly, thus causing an error in the total posted to the Impersonal account. When the two sides of a Trial Balance do not agree after careful search for the error, resort may be had in practical work to the expedient of opening a **Suspense** or **Differences A/c.**

188. After all the a/cs. have been **balanced** and the Trading and Profit & Loss A/cs. have been prepared, a second or **short Trial Balance** of the remaining balances may be compiled. As all the subsidiary a/cs. of profit and loss will have been closed and transferred, and the net result carried to the Capital A/c., the only balances remaining will represent **Assets** and **Liabilities,** from which a Balance Sheet may be prepared. Compare the **full** or **first** Trial Balance with the **short** or **second** Trial Balance of Exercise 39.

First or **Full Trial Balance** of **Exercise 39.**

Ledger Accounts.	Totals.						Balances.					
	Dr.			Cr.			Dr			Cr.		
	£	s.	d.	£	s.	d.	£	s	d	£	s.	d.
A. Pupil, Cap. A/c..				2410	-	-				2410	-	-
A. Pupil, Drwgs. A/c.	20	-	-				20	-	-			
L. Pupil, Cap. A/c..				1205	-	-				1205	-	-
L. Pupil, Drwgs. A/c.	25	-	-				25	-	-			
Office Furniture	50	-	-				50	-	-			
Bills Receivable A/c.	850	-	-	550	-	-	300	-	-			
Bills Payable A/c. ..	700	-	-	1057	-	-				357	-	-
Stock A/c.....	1400	-	-				1400	-	-			
Sales A/c.....				550	-	-				550	-	-
Con. from Gray's ..	1000	-	-	1160	-	-				160	-	-
Con. to Platt & Co..	378	-	-	386	10	-				8	10	-
Commission A/c....				58	-	-				58	-	-
Interest A/c.....	15	-	-				15	-	-			
Discount A/c		10	-					10	-			
Trade Expenses A/c.	37	5	6				37	5	6			
Suspense A/c.				27	10	-				27	10	-
Bad Debts A/c.	100	-	-				100	-	-			
Gray & Co. ....P.L	1160	-	-	1000	-	-	160	-	-			
National Dis. Co. „	300	-	-	300	-	-				-	-	-
John Boyd ....S.L.	600	-	-				600	-	-			
Coles & Co..... „	400	-	-	400	-	-	-	-	-			
May & Co.. .... „	650	-	-				650	-	-			
Nevill Bros..... „	510	-	-				510	-	-			
S. Platt & Co... „	386	10	-	250	-	-	136	10	-			
Robey & Son .. „	500	-	-	600	-	-				100	-	-
Thomas Wood.. „	300	-	-				300	-	-			
Cash A/c.....	1249	10	-	818	-	-	431	10	-			
Petty Cash A/c.	15	-	-	9	15	6	5	4	6			
Bank A/c.....	885	-	-	750	-	-	135	-	-			
£	11531	15	6	11531	15	6	£4876	-	-	4876	-	-

Second or Short Trial Balance of Exercise 39.

Ledger Accounts.	Assets. Dr. £	s.	d.	Liabilities. Cr. £	s.	d.
A. Pupil, Capital A/c.....				2398	4	8
L. Pupil, Capital A/c.....				1185	9	10
Stock of Cotton.....	950	-	-			
Office Furniture.....	50	-	-			
Bills Receivable A/c.....	300	-	-			
Bills Payable A/c				357	-	-
Suspense A/c.....				27	10	-
John Boyd	600	-	-			
May & Co.	650	-	-			
Nevill Bros.....	510	-	-			
S. Platt & Co.	136	10	-			
Robey & Son				100	-	-
Thomas Wood	300	-	-			
Cash A/c.....	431	10	-			
Petty Cash A/c.....	5	4	6			
Bank A/c.....	135	-	-			
£	4068	4	6	£4068	4	6

Exercise 39. (*Lanc. & Cheshire Union Exam.*, 1894).

Albert Pupil's Cap. consists of:—Cotton, £1000, Bank, £500, Debts owing by Thos. Wood, £300, and John Boyd, £600. Total £2400.

Leo Pupil's Cap. consists of:—Cotton, £400, Cash, £400, Debt owing by Coles & Co., £400. Total £1200. (*N.B.*) 1st Jan., 1908.

Divide result of trading, three-fifths to Albert, two-fifths to Leo.

Jan. 1.	Bought of Holt & Co., Office Furniture and paid by Cheque on Imperial Bank (81) ...	£50	-	-
,, 1.	Cash advanced to Petty Cash A/c. (76)	15	-	-
,, 1.	Paid to Bank L. Pupil's Cash Capital	385	-	-
,, 5.	Consigned to Sam Platt & Co. (per S. S. "Venus") Cotton to be sold for our A/c.(174)	350	-	-
	Drew on S. Platt & Co., at 15 days' sight for	250	-	-
,, 7.	Sold to Robey and Son, Cotton	200	-	-
,, 8.	Recd. of Robey & Son, Acceptance at 1 mo. of Coles & Co., due 21st January (146, 171)	300	-	-
,, 8.	Recd. from Gray & Co., consignt. of Cotton (per S.S. "Finsbury") to be sold for their a/c.; invoiced at (179)	1000	-	-
,, 10.	Accepted Gray's Draft at 14 days (146, 172)	700	-	-
	Discounted with National Dis. Co. Coles & Co.'s Acceptance £300; recd. cash (161) ...	299	10	-
,, 14.	Sold May & Co., Cotton, part of consignment from Gray & Co. (179)	650	-	-
	Our commission on above sale	32	10	-

Jan. 14.	Paid Freight and charges on consignment (per S.S. "Venus") to Platt's (174)	£28	-	-
,, 14.	Paid Dock Dues and Charges on Gray & Co.'s consignment to us (179)	45	-	-
,, 21.	Cole's Acceptance dishonoured (166)	300	-	-
,, 21.	Recd. from S. Platt & Co., A/S. of Cotton consigned to them; proceeds (177)	386	10	-
,, 23.	Accepted a composition of 15/- in the £ from Coles & Co., in respect of their *book debt* of £400, and received from them their P/N. at 6 mos. for the comp. (74, 95a, 146, 171)	300	-	-
,, 23.	Recd. cheq. for amt. of dishonoured Acceptance of Coles & Co., from Robey & Son, and endorsed it National Dis. Co.	300	-	-
	(*National Dis. Co. Dr. To Robey & Son.*) (*In practical work enter in Cash Book "To Robey & Son, £300" "By National Discount Co. £300"*)			
,, 25.	Recd. Cash for our Bill on S. Platt & Co. (146)	250	-	-
,, 27.	Sold to Nevill Bros., balance of Cotton consigned to us from Gray & Co. (179)	510	-	-
	Our Commission on the above	25	10	-
,, 27.	Bank pd. our acceptance of Gray's Draft (146)	700	-	-
,, 29.	Accepted Gray's Draft at 30 days' date (146, 172)	357	-	-
,, 31.	Office Rent *due* this day (182)	12	10	-
	Due to H. Law for Salary	15	-	-
	Paid Expenses out of Petty Cash	9	15	6
	Int. on Cap., Alb. £10; Leo. £5 (71)	15	-	-
	Cash withdrawn by A. Pupil on private a/c. (78)	20	-	-
	The like by Leo Pupil	25	-	-

Stock of Cotton, £950.

N.B.—Combine the Opening Entries by debiting Bank £500, Cash £400, Cotton £1400, Wood £300, Boyd £600, Coles & Co., £400, and credit A. Pupil £2400 and L. Pupil £1200.

Answer.—*Gross Profit on Cotton* £100. *on Consignment*. £8 10. *Net Profit*, £13 14 6. *Bal. of A/P. Cap. A/c.* £2398 4 8. *L.P.* £1185 9 10, *Total of B.S.* £4068 4 6.

189. SALES on COMMISSION. Merchants may occasionally hand you a sample of goods with a view to your effecting a sale on their a/c. and at their risk, for a stipulated commission. You do not take possession of the goods, but merely submit a sample to likely buyers, upon which sample you obtain an order, say from Henry Tew for £100 worth. You dispatch the order to you principal, James West, who invoices and forwards the goods direct to H. Tew. In such an agency transaction as this, no responsibility whatever

rests upon you, as the purchaser becomes the debtor of your principal. The only entry required in your books would be in respect of your commission, and this entry you would make on transmitting the order to your principal as follows :—*James West.....Dr.* £5.

To Commission A/c.....£5.

When such commission transactions are numerous it is well to record full particulars in a **Commission Sales Book,** giving the date, name and address of seller, name and address of buyer, particulars of the goods, total net value, Ledger folio, amount of commission. All amounts in the Commission column would be posted to the debit of your principals, and the monthly total posted to the Commission A/c. The total of the Commission A/c. would be transferred to the Trading or P. & L. A/c. on balancing.

190. ON SALE or **RETURN.** In some businesses it is usual to forward goods **on appro.** (or approval), the customer having the option of buying or returning such goods within a specified or reasonable time. Although such transactions must *not* be treated as *Sales,* nor the persons to whom the goods are sent as *Debtors,* a proper record must be kept in the form of a **Sales** or **Returns Day Book,** similar to the following :—

Goods sent on Sale or Return.			Date.	Value of Goods Returned.	Value of Goods sold	Invoice No.	Sales Ledger Folio.
Date.	Particulars.	Amount.					
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)

When goods are **sent** on Sale or Return they are entered in columns 1, 2, 3; if **returned,** further entries are made in columns 4 and 5; if **sold,** proper entries would then be made in columns 4, 6, and 7.

When the goods are retained, their value will be posted to the debit of the customer in the Sales Ledger, and the folio inserted in column 8 of the above book. The *total* of column 6, Goods Sold, will be posted to the credit of the Sales A/c.

The difference between the totals of columns 5 and 6 taken together, and that of column 3, will represent the

goods outstanding on any given date. The **value** of these **unsold goods** must be included when taking **stock,** which will not, of course, be the amount stated in this book, but the **cost,** or under.

When transactions in goods sent out on **Sale** or **Return** are so **few** as not to warrant a special book, they may be recorded at the end of the Sales Day Book, a transfer entry being made to the Sales Day Book itself when the goods are sold.

Exercise 40.

Assets : Cash £241 17s. 8d.; Bank £193 19s. 11d.; Goods £172 11s. 2d.; Business Premises £1500; B/R. :—Tom Long £64; J. Plant £47 1s. 6d.; W. Reed £192 5s. Book Debts :—Chas. White £39; Tom Long £19 7s. 1d. *Liabilities* :—B/P. to J. Ince £92 1s. 9d.; Bal. due to Wm. Hill £322 1s. 6d.; Cap. £2055 19s. 1d.

1908.	*Transactions.*	£	s.	d.
Feb. 1.	Discounted Long's bill at Bank, Dis. £1 ...	64	-	-
,, 2.	Bought of W. Hill, Goods	31	15	2
,, 4.	My acceptance lifted at Bank (142)	92	1	9
,, 5.	Bot. of John Battye, Goods for Cash, £95, Dis. £5	100	-	-
,, 6.	Sold Goods to T. Long	196	19	10
,, 6.	,, ,, C. White	45	-	-
,, 7.	Paid Water Rate in Cash	19	15	
,, 10.	Recd. C.White's Acceptance at 1 mo. (146,171)	39	-	-
,, 13.	J. Plant's Acceptance paid in Cash (146)...	47	1	6
,, 15.	Recd. of T. Long, Cash £17 8 5. Dis. £1 18 8	19	7	1
,, 16.	Bought of John Battye, Goods	210	-	-
,, 17.	Sold for and at the risk of Jas. West to Hy. Tew, Goods £100, my Com. thereon being (189)	5	-	-
,, 19.	Recd. of T. Long, Acceptance at 2 mos. (146, 171)	196	19	10
,, 22.	Sold C. White, Goods for cheque	75	-	-
,, 22.	,, T. Long ,, ,, ...	73	10	9
,, 23.	Paid into Bank	40	-	
,, 23.	Handed W. Hill my Acceptance at 1 mo. (146, 172)	100	-	-
	also my cheque for	38	3	-
	also T. Long's Acceptance	196	19	10
	which with Dis. settles his a/c.	18	13	10
,, 24.	T. Long returned goods for not being equal to sample (112)	27	-	-
,, 25.	C. White is bankrupt and I receive a first and final dividend of 3/- in the £ (74, 95a) *Note transaction on the* 10*th. As the dividend is also in respect of the amount of the B/R., the latter must be disposed of through the Journal thus* : "*C. White, Dr. To B/R.*, **£39.**"	12	12	-

Feb. 27.	T. Long's discounted Acceptance, due to-day, returned dishonoured (166)	£64	-	-
	Pd. Noting in Cash	-	6	-
,, 28.	Pd. L.M. & S. Co. Carr. of Goods by cheq.(75)	7	6	8
,, 28.	Paid Wages in Cash	23	10	-
,, 28.	Paid Travelling Expenses in Cash	20	-	-
,, 28.	Credit Interest on Capital (71)	15	-	-
,, 28.	Depreciation in value of Premises (82)	37	10	-
	Stock of Goods £405.			

Answer.—*Trial Balance*: *totals* £4646 13 4; *balances* £2798 4 10. *Gross Profit* £254 4 3. *Net Profit* £85 9 9. *Bal. of Capital* £2156 8 10. *Total of B/S.* £2466 8 10. *Cash Balance* £268 19 4, *Bank Balance* £95 8 6.

Exercise 41.

On 1st March, 1908, the Books of A. Pupil and L. Pupil (trading as Pupil Bros.) showed the position of their affairs to be as follows :—

LIABILITIES.	£	s.	d.	ASSETS.	£	s.	d.
Bills Payable—				Cash in hand £68 10 6			
No.52, due 18 Mar. 300 - -				,, at Bank 581 7 6			
,, 58, due 26 ,, 265 10 -					649	18	-
	565	10	-	Bills Receivable—			
Sundry Creditors—				No. 76, R. Hanson £50 - -			
C. Lyon & Son £350 12 6				,, 77, T. Wills ... 60 2 6			
G. Wood & Co.... 179 10 -				,, 78, J. Ross ... 75 10 -			
W. Morris & Sons 410 5 -				Sundry Debtors—			
	940	7	6	Thos. Wills £72 10 6			
CAPITAL—				Jones & Co. ..... 142 7 -			
Albert Pupil..... £830 - -				Joseph Ross 59 2 6			
Leo Pupil ..... 332 8 -				Brown Bros. ..... 73 5 -			
	1162	8	-		347	5	-
				Stock of Goods	1320	10	-
				Furniture & Fittings	165	-	-
£	2668	5	6	£	2668	5	6

Leo Pupil is to receive a salary of £200 per ann., and 5% per ann. int. on the cap. of each partner is to be charged; profit or loss to be divided as follows :—A.P. two-thirds, L.P. one-third.

Mar. 2.	Bought of C. Lyon & Son :—			
	M—30—1316—Fancy Worsted, 52	£	s.	d.
	1317 ,, 51=103 @ 8/-	41	4	-
,, 3.	Sold to Thomas Wills :—			
	Q310—987 Woaded Worsted, 50			
	988 ,, 51=101 @ 10/-	50	10	-
,, 3.	Received (and paid into Bank) from Thos. Wills, £70, Dis. £2 10 6 (91)	72	10	6
,, 5.	Sold to Thomas Johnson, 2 pieces of :—			
	O10—599—Indigo Serge.....52½			
	600 ,, ...50½=103 for ...	39	9	6
,, 5.	Paid Cash—Wages	6	2	-
,, 7	Sold J. Ross: XI.—707--President 50½ @ 4/-	10	2	-

Mar. 7.	Bought of G. Wood & Co. :—			
	A7—293—Woaded Worsted, 52			
	294 ,, 50			
	295 ,, 51			
	296 ,, 50½=204 @ 7/-	71	8	-
,, 7.	Recd. from Jones & Co., Comp. of 10/- in the £ in settlement; paid same to Bank (74, 95a)...	71	3	6
,, 7.	Pd. G. Wood & Co.—Chq. £175, Dis. £4 10 -	179	10	-
,, 10.	Sold Brown Bros. : L12—763—Fancy 52 @ 4/6	11	14	-
,, 10.	Paid into Bank—Bill No. 76 £50, No. 77 £60 2 6, No. 78 £75 10 (145)	185	12	6
,, 10.	Sold to Geo. Hirst :—			
	P71—989—Woaded Worsted, 51 @ 10/- ...	25	10	-
,, 10.	Bought of G. Wood & Co. :—			
	F7—312—Fancy, 50			
	313 ,, 51			
	314 ,, 51=152 @ 3/-	22	16	-
,, 11.	Accepted C. Lyon & Son's draft at 3 mos. ...	346	10	-
	(146, 172). Discount allowed (*Cash Book*)...	4	2	6
,, 12.	Sold to J. Ross; XI—708—President 52 @ 4/-	10	8	-
,, 12.	Paid Cash—Wages	6	4	6
,, 12.	Received Cash for Sundry Small Sales	4	10	6
,, 14.	Sold to Brown Bros. :—			
	U71—801—Indigo Serge, 52			
	802 ,, 50=102 @ 6/6...	33	3	-
,, 14.	Advised Bank to meet Bill No. 52 (142)	300	-	-
,, 16.	Bought of C. Lyon & Son :—			
	R72—1417—President. 52			
	1418— ,, 51½			
	1419— ,, 50½=154 @ 2/3 ...	17	6	6
,, 16.	Accepted W. Morris & Son's draft at 2 mos.	405	-	-
	(146, 172). Discount allowed (*Cash Book*)....	5	5	-
,, 18.	Sold to John Child :—			
	F77—919—Fancy Worsted, 52 @ 12/-	31	4	-
,, 19.	Sold to William Bell :—			
	P71—990—Woaded Worsted, 50½			
	991— ,, 51½=102 @10/-	51	-	-
,, 19.	Paid Cash—Wages	6	2	-
,, 21.	Sold to Arthur Ford :—			
	O10—703—Indigo Serge, 51 @ 6/6	16	11	6
,, 21.	Bought of George Hart :—			
	B67—515—Indigo Serge, 51			
	517— ,, 52½			
	508— ,, 50½=154 @ 5/-	38	10	-
,, 21.	Recd. of J. Ross and pd. to Bank £57 13, Dis.	1	9	6
,, 21.	Received Advice from Bank—(166)			
	Rd. Hanson's Bill Dishonoured; Ex. 5/6...	50	5	6
,, 21.	Advised Bank to meet Bill No. 53 (142)	265	10	-

Mar. 24.	Bought of Wm. Morris & Sons :—		
	E21—1279—Fancy Worsted, 50		
	1280— ,, 51½		
	1281— ,, 50½=152 @ 8/-	£60 16	-
,, 24.	Recd. of Brown Bros., 2 mos. bill, £72, Dis.	1 5	-
,, 26.	Sold to King & Co. :—		
	M107—709—President, 51½		
	710— ,, 50½		
	711— ,, 52=154 @ 3/6 ...	26 19	-
,, 26.	Sold to Samuel Green :—		
	A100—992—Woaded Worsted, 52 @ 10/3...	26 13	-
	Paid Cash—Wages	6 3	-
,, 28.	Recd. of Thomas Wills, 3 mos. bill, £50, Dis.	10	-
,, 29.	Bought of C. Lyon & Son :—		
	W15—1491—President, 50½		
	1492— ,, 52		
	1493— ,, 51		
	1495— ,, 57=210½ @ 5/- ...	52 12	6
,, 29.	Sold to Hick Bros. :—		
	F77—920—Fancy Worsted, 50 @ 12/-	30 -	-
,, 29.	Sold to T. Wills : Z29—717—President,52@4/-	10 8	-
,, 30.	Sold to William Bell :—		
	P71—993—Woaded Worsted, 53 @ 10/- ...	26 10	-
,, 31.	Received Cash for Sundry Small Sales	6 15	-
,, 31.	Bought of George Hart :—		
	C12—605—Indigo Serge, 51		
	600— ,, 51½		
	607— ,, 50½=153 @ 6/-	45 18	-
,, 31.	Sold to J. Ross—XI—808—President, 51 @ 4/-	10 4	-
,, 31.	Paid Cash—Travelling Exs. during month...	20 5	-
	Paid Cash—Carriage during month	7 8	6
,, ,,	Bank Charges for month (72, 92)	2 5	-
,, ,,	Leo Pupil's Salary paid by Cheque (78)	16 13	4
,, ,,	Credit Int. on Cap. :—A.P. £3 9 2, L. P. (71)	1 7	8
	Value of Goods on hand £1350.		

Answer.—*Trial balance* : *totals* £5655 18 8; *balances* £2698 19 10. *Gross Profit,* £100 10 6. *Net Loss,* £38 10 8. *Bal. A.P. Cap. A/c.* £807 15 4, *L.P. Cap. A/c.,* £320 18 10. *Total of B/S.* £2230 15 2. *Cash bal.* £27 11, *Bank bal.* £156 2 8.

Ex rcise 42. (*W.R.C.C. Inter.,* 1897.) *Tabular.*

You are required to pass the following Waste Book entries through the *Bought and Sold Day Books* (which should both be summarised or dissected, see page 92), the *Cash Book, Bill Books,* and *Journal* into Messrs. Maxey and Bell's *Bought, Sold,* and *Private Ledgers* opening subsidiary Goods and P/L. A/cs., and having balanced the A/cs. to draw out a T.B. showing balances, a P/L. A/c. and a B/S., journalising the Closing Entries :— *Unless stated otherwise, all receipts are paid into, and all payments out of the Office Cash.*

Chas. Maxey and Walter Bell enter into partnership under the name of Maxey & Bell, on 1st Apr., 1906. Maxey is to get two-thirds and Bell one-third of the profits. Int. at 5% is to be

allowed on the Partners' Capital. A Bank A/c. is opened, C. Maxey pays therein £3250 and W. Bell £1625. (*Enter in Cash Book.*)

They purchase the business and Stock of Herbert Lanfear, Cheese, Bacon, and Butter Merchant, at £4057 10s., as follows: Bacon, £1850; Cheese, £900; Butter, £1150; Boxes, Cases, &c., £32 10s.; Fittings, Fixtures and Furniture, £125 (*Enter in Journal*) ..... £4057 10 -

Maxey & Bell pay by cheque to H. Lanfear		2557 10	-
And accepted his draft at 3 mos. for balacne (148)...		1500 -	-
Apl. 2.	Bot. of Chas. Gould: Bacon, £325; Cheese £155	480 -	-
,, 5.	Accepted Bill at 3 mos. payable to C. Gould	480 -	-
,, 9.	Sold J. Clark: Bacon £125; C. £50; B. £46	221 -	-
,, 9.	Sold for Cash: Bacon £52 10s.; Cheese £13; Butter £5 10s.	71 -	-
July 4.	Paid by Cheque Bill falling due to-day (146)	1500 -	-
,, 8.	Retired by Cheq. Bill maturing to-day (146)	480 -	-
,, 8.	Sold J. Clark: Bacon £170; Butter £127 ...	297 -	
,, 9.	Bought of Henry Johnson: Butter	230 -	-
,, 9.	Accepted H. Johnson's Draft at 3 mos. ...	230 -	-
,, 9.	J. Clark returned bacon because badly bruised	12 10	-
,, 9.	W. Bell takes for private purposes: Bacon £10; Cheese £1; Butter £7 10s. (78) (*Sales Book*)	18 10	-
,, 9.	Purchased for Cash: Bacon	5 -	-
,, 9.	Paid Cheque for Boxes, Cases, &c.	125 -	-
Oct. 4.	James Clark pays Cash, which is at once pd. into the Bank £490. Allowed Dis. £15 10s.	505 10	-
,, 12.	Met by Cheque Bill falling due to-day (146)	230 -	-
,, 12.	C. Maxey withd'ws by Cheq. for private use	50 -	-
,, 12.	W. Bell withdraws for private use: Cash (78)	12 10	-
Nov. 1.	Bot. of C. Gould: Bacon £300; Cheese £150	450 -	-
,, 15.	Pd. Cheq. to C. Gould, £427 10; Dis. £22 10	450 -	-
1907.			
Feb. 4.	Bought of H. Johnson: Butter	400 -	-
,, 4.	Accepted H. Johnson's draft at 3 mos. (172)	400 -	-
,, 5.	Sold J. Clark: Bacon £250; C. £200; B. £75	525 -	-
,, 5.	Recd. Cash on A/c. from James Clark	100 -	-
,, 7.	Sold Wm. Morris: Bacon £225; C. £175; B. £71	471 -	-
,, 7.	Recd. from W. Morris, and paid into Bank (91)	200 -	-
,, 15.	Paid Wages in Cash	52 -	-
,, 15.	Paid by Cheque, year's rent of premises...	75 -	-
,, 16.	Sold for Cash: Bacon £80; Cheese £12 10s.; Butter £56 10s.	149 -	-
,, 16.	Paid into Bank	250 -	-
,, 28.	Boxes, Cases, &c., used during the year may be charged to the following:—Bacon £66 10s.; Cheese £30; Butter £25	121 10	-
,, 28.	*Value of Boxes, Cases, etc., on hand*	36 -	-

Feb.28.	*Stock of Goods on hand* : *Bacon* £1896 10s. ; *Cheese* £1064 10s. ; *Butter* £1379	£4340	- -
,, 28.	Write off 10% Depreciation of Fittings (82)		
,, 28.	Credit for Int. on Cap. : C. Maxey (71) ...	162 10	-
,, 28.	Do. do. W. Bell	81 5	-
,, 28.	Debit for Int. on Drawings : C. Maxey (78)	1 6	5
,, 28.	Do. do. W. Bell.....	- 10	11

Answer :—*Trial Balance* : *totals* £21839 12 4 ; *balances* £5525 15 -. *Gross Profit on Bacon* £250. *Cheese* £281. *Loss on Butter* £37 10s. *Net Profit* £119 2 4. *Bal. C.M. Cap. A/c.*, £3440 11 9. *W.B. Cap. A/c.*, £1714 8 3. *Total of B/S.* £5555 *Cash balance* £0 10s., *Bank balance* £370.

Exercise 43. (*W.R.C.C. Inter.*, 1900.) *Tabular.*

Record the following transactions of Murray & Co., by means of Journal, two Day Books, C.B., and Ledger. The receipts and payments (except P.C. Payments) are through the Bank. Journalise bill transactions. Show the gross profits of A. & B. Departments separately. Each item of sale or purchase is marked A or B, representing the two Depts. Divide net profit in proportion to each Partner's Cap. Show P/L. A/c. and B/S. 31st March, 1900.

Liabilities : City Bank, Ltd., £1469 17 3; John Murray, Loan, £200; Sam Matthews, £164 11 3; two B/P. :—Jones Bros., due Feb. 3rd, £120; Proctor & Co., due Mar. 3rd, £180. *Assets* : Bryde & Son, £136 15; two B/R. ; Monteith Bros., due Jan. 4th, £55 17 6; Hy. Speight, due Feb. 3rd, £69 10; Fixtures & Furniture, £137 14; P.C. 14/11; Stock A. Dept., £1470 9; B. Dept., £1859 3 1. *Capital* : Robert Murray, £957 9; Fredk. Wade, £638 6.

Jan. 3.	Paid to Bank Monteith's Bill (146)	£55	17	6
,, 5.	Bryde & Son accept 3 mos. Bill, £100, and pay Cash £36; and Dis. 15/- (171)	36	15	-
,, 6.	Sold Goods (A) to Sam Matthews	43	19	2
,, 8.	Cheque drawn for P.C. (76)	3	-	-
,, 10.	Sold Goods (B) to Harold Langton, £76 14 11 and (A) £143 19 6	220	14	5
,, 11.	Bot. of Jones Bros., Goods (A)	49	3	9
,, 12.	Bot. of Mathers & Co., Goods (B)	54	1	1
,, 13.	Paid Fire Insurance	3	16	-
,, 16.	Sold Goods (B) to Monteith Bros. and recd. 3 mos. Bill (146, 171)	98	1	11
,, 31.	Pd. Salaries £24 10s. and P.C. Payments 17/6			
Feb. 1.	Speight's Bill handed to Bank (145)	69	10	-
,, 3.	Bot. Goods (A) of Sam Matthews	37	10	11
,, 3.	Retired Bill due this day (146)	120	-	-
,, 3.	Sold Goods (A) to Harry Speight	24	19	6
,, 5.	Sold Goods (B) to Bryde & Son	76	10	2
,, 6.	Bank notify that Speight's Bill is dishonoured with 3/- expenses (166)	69	13	-
,, 19.	Pd. Mathers & Co.. £53 10s. ; dis. 11/1	54	1	1
,, 20.	Bot. Goods (B) of Jones Bros.	86	1	11

Feb.22.	Sold Goods (A) to Monteith Bros., £193 2 11 and recd. Bill (171)	£86	10	9
,, 24.	Bot. Goods (B) of Walker & Sons	49	17	3
,, 28.	Paid Salaries £19 5s., and P.C. Payments...		15	4
,, 28.	Paid Rates	12	5	6
Mar. 3.	Retired Bill, due this day (146)	180	-	-
,, 5.	Bot. Goods (A) of Sam Matthews	56	9	9
,, 14.	Accepted Jones Bros. Bill, 3 mos. £135, dis. 5/8 (172)	135	5	8
,, 20.	Recd. first and final Div. on Speight's Debt, 10/- in the £ (74, 95a)	47	6	3
,, 21.	Bot. Goods (A) of Jones Bros.	24	8	1
,, 22.	Sold Goods (B) to Bryde & Son	201	9	6
,, 24.	Gave S. Matthews Bryde & Son's Acceptance due April 8th (146)	100	-	-
,, 26.	Pd. Walker & Sons £47 10s.; dis. £2 7 3...	49	17	3
,, 31.	Pd. Salaries £21 15s.; P.C. Payments 14/5			
,, 31.	Pd. John Murray 3 mos. int. £2 10; Pd. Rent	25	-	-
,, 31.	Bank charge int. £21 15 9; Comm. £1 (92)...	22	15	9
,, 31.	Depreciation of Fixtures (82)		3 14	-
	Stock in hand (*A*) £1376 3 11 (*B*) £1703 14 8.			

Answer:—*Trial Balance*: *totals* £6337 17 -; *balances* £3938 18 7. *Gross Profit on A Dept.* £144 3 6; *on B Dept.* £107 7 10; *Net Profit* £68 15 7. *Bal. of R.M. Cap. A/c.* £998 14 4, F.W. *Cap. A/c.* £665 16 3, *Total of B/S.* £4005 5 2. *Bank balance* £1866 13 9.

191. MORTGAGES, which are either legal or equitable, are pledges of real or leasehold property given as securities for money advanced. A **legal mortgage** is one where the borrower, known as the *mortgagor,* executes a deed charging his property in favour of the lender, who thus becomes the *mortgagee.* Such a deed contains a proviso for redemption, entitling the *mortgagor* to a reconveyance of his property on repayment of principal together with interest and costs to the *mortgagee.* An **equitable mortgage** is one of any other kind, even a mere deposit of title deeds by a debtor with his creditor, without verbal communication, is deemed evidence of a contract for a mortgage of the estate referred to in such deeds. The stamp duty on mortgages is 2/6 per £100.

Perhaps during the course of your business career you may wish to raise a sum of money. You possess land and buildings which you do not care to sell; therefore you offer a mortgage upon them, say to Smith, for £2000, which sum you borrow at 6%. To obtain such

an amount the property should be worth not less than £3000 (the £1000 difference being the "margin") in order to afford a good security to Smith, the *mortgagee*. As *mortgagor*, you would sign the mortgage (which would be prepared by a Solicitor) and hand over the title deeds of the property to Smith. This security might be redeemed at any time on giving due notice to the *mortgagee*, or on the latter calling in the money. In case of default in payment of either principal or interest by you, the *mortgagee* could sell the estate and repay himself the amount owing. On obtaining such a loan you would open and Cr. **John Smith, Mortgage A/c.** debiting either Cash or Bank. On repayment of the whole or any portion of the *principal* you would debit the Mortgage A/c. All payments of **interest,** being losses, would need debiting to the Interest A/c. and *not* to the Mortgage A/c. The amount of the mortgage must be shown in the B/S. among the Liabilities, and must *not* be deducted from the value of the premises on the Assets side. **Foreclosure** is the forfeiture by a mortgagor of his right to redeem the security, known in law as the Equity of Redemption; (the difference between the amount owing by the mortgagor and the total value of his security) by reason of his default in payment of the principal or interest of the mortgage debt within a reasonable time.

192. OVERDRAFT is the term applied to the sum of money owing by a customer to his banker on *current account*, as distinguished from a specific *loan*. It is part of the business of a banker to advance money to his customers by allowing them to overdraw their A/cs. Interest is, of course, charged from day to day, for the amount overdrawn. Before allowing an a/c. to be overdrawn, bankers generally insist on some security being given, such as a Bond by some responsible person; the deposit of title deeds; stock and share certificates, assurance policies, etc. The deposit of such securities is usually accompanied by a written memorandum of agreement called an "equitable mortgage," setting forth the conditions of the loan, and stating that the deposit of certain valuable documents are as a

guarantee. Occasionally a legal mortgage of land and buildings is given as security. In the case of a *further* security being given for a loan or overdrawn a/c., besides the debtor's promise, bond, or mortgage, the latter would be called the **principal security**; while the extra or additional guarantee would be termed a **collateral security,** which is a deed charging further property, besides that already mortgaged, for the better safety of the banker. In commencing an exercise where an **overdraft** had been obtained from the Bank, the amount thereof must be entered on the *Cr.* side of the Cash Book. The overdraft would be shown in the B/S. among the Liabilities.

193. CONTRACTS. A contract is an agreement entered into between competent persons with a lawful consideration or cause whereby each person binds himself to do, or abstain from doing, certain acts. An undertaking to do certain work or supply certain articles for a specified consideration. Just as you open certain a/cs. for consignments, for the purpose of ascertaining the result of a special branch of business, so you must open a special a/c. whenever you enter into an agreement to do certain work at a stipulated figure, in order that you may know the result of such an undertaking. You will open an **impersonal a/c.** headed **Contract A/c.** and debit it with the cost of material, cartage, use of plant, workmen's wages, incidental expenses, &c., and credit it with any instalment received during the progress of the work; and on completion credit it with the balance of the contract price (if any). When plant, &c., which has been used upon a contract is sold at a depreciation, the *difference* between its valuation on the contract and the price realised, must be debited to the Contract A/c. affected. The *difference* of the Contract a/c. when complete, being a gain or loss must be carried to the Trading or P. & L. A/c. Should the contract be *incomplete,* the *difference* will be an *asset,* and must therefore appear in the B/S. If a balance remains owing on the *completion* of a contract it must be transferred through the journal to the **personal a/c.** of the debtor with whom you have contracted.

Dr. **Contract No. 17.** **Cr.**

1921		£	s.	d.	1921		£	s.	d.
Feb. 1	To Balance b/d	449	19	7	Feb. 4	By Cash on A/c.....	754	-	-
,, 2	,, Wages.....	75	16	-	,, 25	,, ,, (Final).....	1000	-	-
,, 4	,, Insurance	4	10	-					
,, 9	,, Wages.....	86	4	-					
,, 14	,, Materials	432	-	-					
,, 16	,, Wages.....	31	6	-					
,, 20	,, Materials	124	-	-					
,, 23	,, Wages.....	74	15	3					
,, 28	,, *Transfer to P. & L. A/c.*	475	9	2					
	£	1754	-	-		£	1754	-	-

Dr. **Contract No. 19.** **Cr.**

1921		£	s.	d.	1921		£	s.	d.
Feb. 1	To Balance b/d	688	12	-	Feb. 6	By Cash on A/c.	350	-	-
,, 2	,, Wages.....	51	10	6	,, 28	,, *Balance c/d*	1329	2	4
,, 5	,, Materials	241	7	6					
,, 9	,, Wages	32	17	-					
,, 14	,, Materials	216	-	-					
,, 16	,, Wages.....	82	5	8					
,, 20	,, Materials	314	5	8					
,, 23	,, Wages.....	52	4	-					
	£	1679	2	4		£	1679	2	4
Mar. 1	To Balance b/d	1329	2	4					

194. While the above method of recording transactions is quite correct, and shows all the facts in a concise form, as well as in such a manner as would be acceptable at a public examination; still in **practical work,** the cash instalments would *not* be passed through the Contract A/c. at all, but a **personal a/c.** would be opened for the same. On *completion* of the Contract the *total value* of the contract would, by a journal entry, be debited to the debtor and credited to the Contract A/c. The following examples illustrate this method.

Dr. **Contract No. 125** (Ex. 50). **Cr.**

1894		£	s.	d.	1894		£
Jan. 1	To Balance b/d	1815	10	4	Jan. 28	By Mercia Tank Proprietor's A/c.	3100
,, 9	,, Materials	132	7	6			
,, 13	,, Wages.....	107	5	-			
,, 27	,, Wages.....	22	11	-			
,, 31	,, Inspector's Fees	31	10	-			
,, ,,	,, *Transfer to P. & L. A/c.*	1490	16	2			
	£	3100	-	-		£	3100

Dr. **Mercia Tank Proprietors.** (Ex. 50.) **Cr.**

1894		£	1894		£
Jan. 28	To Contract No. 125 ...	3100	Jan. 6	By Cash	1000
			,, 28	,, Cash	1650
			,, 31	,, *Balance c/d*	450
		£ 3100			£ 3100
1894					
Feb. 1	To Balance b/d.....	450			

195. SINGLE ENTRY is the term used to describe all attempts at Book-keeping which fall short of that perfect and universal system known as **Double Entry.** Notwithstanding the advance of education and the adoption of improved systems in the mercantile world, the majority of the proprietors of the smaller class of businesses still know nothing of the practice of Double Entry, relying entirely for their financial information as to the conduct of their businesses on the imperfect records produced by what is called "Single Entry."

Some authors and teachers suffer from the **delusion** that it is necessary to teach Single Entry before Double Entry, whereas it is both educationally and commercially wrong to teach it at all. Single Entry should only be referred to by way of warning, when dealing with the earlier stage of the subject, as it is liable to **confuse** the mind of the student. It is only when the principle of Double Entry has been thoroughly mastered that the imperfections of Single Entry, and its conversion to the perfect system of Double Entry, may be satisfactorily dealt with.

196. Single Entry, as its name indicates, **ignores** the **double effect** of the transaction, and therefore does not usually make a double record, being content merely to keep **Personal A/cs.** with the debtors and creditors of the concern, and absolutely failing (except in the case of Cash) to keep any Impersonal A/cs. such as Capital, Goods, Buildings, Fixtures & Fittings, Machinery, Bills of Exchange, Goodwill, Patents, Copyright, Expenses, Wages, Repairs, Rent, Rates, Depreciation, Bad Debts, etc. The imperfection of this record renders it impossible either to check or **test** the arithmetical

accuracy of the books, because no Trial Balance can be obtained, or to prepare a Trading and Profit & Loss A/c. showing **how** the **profit** has been **earned** or the **loss sustained.**

197. There are those who are under the impression that **Double Entry** means double work, whereas the name of this system does not arise from the *quantity* of the work involved, but from the necessity to perfectly record every transaction by **two entries,** owing to the fact that each transaction involves **two parties** in the making of it, and therefore has a **double effect.** Many business men adopting Single Entry keep at least **four books:** (1) Cash Book; (2) Purchases Day Book; (3) Sales Day Book; (4) Ledger. The transactions entered in these books are posted to the a/cs. of their **debtors** and **creditors** only, no totals of Purchases or Sales ever being posted to their respective a/cs. Neither are the expenses nor the discounts posted from the Cash Book, and no Capital A/c. is kept. It will be seen that in such cases very little work is needed, in the way of posting, to obtain the advantages of Double Entry, which not only provides an accurate statement on a given date, but, through the medium of the Profit & Loss A/c., shows **how** the profits have been earned during a given period.

198. In **Single Entry** the only method by which it is possible to ascertain what profit has been made is to **compare** the **total** amount of the Proprietor's **Capital** at a given date, with the amount at a subsequent date, any **excess** of Capital representing a **profit** and any **decrease** representing a **loss** during the period. To this end it is usual to prepare what is known as a **Statement of Affairs,** which is merely a *list* of Assets and Liabilities, on a given date, and is similar to an ordinary Balance Sheet, the principal *difference* between them being that whereas a Balance Sheet is constructed from a set of books kept by Double Entry and therefore **provable,** a Statement of Affairs is compiled from a set of imperfect books, and such other data, as may be available, the arithmetical **accuracy** of which **cannot be proved.** For example, the **Statement of Affairs** of **John Smith** on the 1st January, 1924, was as follows :—

Liabilities.		Assets.	
Sundry Creditors	£3500	Freehold Premises	£2000
CAPITAL	5500	Plant & Machinery.....	1000
		Stock-in-Trade	2500
		Sundry Debtors	3000
		Cash.....	500
	£9000		£9000

On 31st December, 1924, Smith finds his Liabilities to Creditors to be £3750. His Assets were:—Freehold Premises £2000, Plant & Machinery £1200, Stock-in-Trade £2600, Sundry Debtors £3500, Cash £600. His drawings during 1914 amounted to £500, and the sum of £200 realised by the sale of a cottage was paid into the business. Prepare Statement of Affairs, also show what profit was made, and compile a Capital A/c.

Statement of **Affairs** of John Smith on 31st December, 1924.

Liabilities.		Assets.	
Sundry Creditors	£3750	Freehold Premises	£2000
CAPITAL	6150	Plant & Machinery.....	1200
		Stock-in-Trade	2600
		Sundry Debtors	3500
		Cash	600
	£9900		£9900

Capital of John Smith on 31st December, 1924		£6150
Add Drawings for the year		500
		6650
Less additional Capital paid into the business...		200
		6450
Deduct **Capital** as on 1st January, 1924		5500
Profit of John Smith's business for the year 1924		£950

Dr. **Capital A/c.** of JOHN SMITH. **Cr.**

1924		£	1924		£
Dec.31	To Drawings for year	500	Jan. 1	By Excess of Assets over Liabilities	5500
„ 31	„ *Balance of Capital,* being excess of Assets over Liabilities ..	6150	Dec.31	„ Proceeds of Sale of Cottage...	200
			„ 31	„ Profit for year..	950
		£6650			£6650
			1925		
			Jan. 1	By Balance b/d. ..	6150

Smith is not only ignorant as to **how** the **profit** of £950 has been earned, but he is also without information as to his turnover, or its relation to the various expenses incurred. Owing to the absence of any **check** on the **accuracy** of the **figures,** such as is afforded in Double Entry by the Trial Balance, numerous errors may exist in the above Statement of Affairs, for example :—(1) Sundry Creditors undercast by £200; (2) Creditors for £250 not posted; (3) A portion of the Freehold Land sold during the year for £300; (4) Sundry Debtors overcast by £100; (5) An unpresented cheque payable to a creditor, not deducted from Cash at Bank £150. These five errors would turn an **alleged Profit** of £950 into a **Loss** of £50 for the year.

199. To **convert** a **set of books** from **Single Entry** to **Double Entry at a given date** merely necessitates the preparation of a Statement of Affairs, similar to that of John Smith, and the posting of the various Assets and Liabilities to their respective a/cs. in the Ledger. All subsequent transactions would then be passed through the books of **Original Entry** and posted in accordance with the principal of Double Entry.

200. The **Conversion** of a set of books from **Single Entry** to **Double Entry for a given period,** such as those of John Smith, for the year, 1924, if proper subsidiary books had been kept, would involve (1) the journalising and posting of the Opening Entries from the Statement of Affairs on the 1st January, 1924, (2) the totalling of the subsidiary books and the posting of such totals to their Impersonal A/cs.; (3) the posting and analysing of all the unposted items from the Cash Book, particularly Drawings, Expenses, and Discount; (4) the preparation of a Trial Balance; (5) the compilation of Trading, Profit & Loss, and Capital A/cs., and B/S.

201. In practice, however, it will generally be found that books kept by **Single Entry** are in a state of

confusion, and that if subsidiary books have been kept, they are of a very imperfect character. It then becomes necessary to analyse all the transactions in the various books for the period under review. The time and expense involved in such a laborious process is altogether out of proportion to the value of the information obtained, so far as private purposes are concerned. Such an analysis would rarely be made except by order of the Court, for the special purpose of satisfying some legal requirements. The preparation of the analysis would proceed on the following lines :—**(1)** The compilation of a **Statement of Affairs** at the beginning of the period, say, 1st January, 1924; **(2)** Analysis of **Sales Ledger,** *debtor side*—(*a*) Opening balances, (*b*) Sales, (*c*) Other debits, such as dishonoured bills, interest, transfers, cash paid to customers, etc., (*d*) Total. *Credit side* (*a*)—Cash received from customers, (*b*) Discount allowed, (*c*) Returns Inwards and Allowances, (*d*) Bills Receivable, (*e*) Other credits, such as bad debts, transfers, purchases, etc., (*f*) Closing balances, (*g*) Total; **(3)** Analysis of **Purchases Ledger,** *Debtor side*—(*a*)—Cash paid to creditors, (*b*) Discount received, (*c*) Returns Outwards and Allowances, (*d*) Bills Payable, (*e*) Other debits, (*f*) Closing balances, (*g*) Total. *Credit side*—(*a*) Opening balances, (*b*) Purchases, (*c*) Other credits, (*d*) Total; **(4)** When a Cash Book has been kept the figures should be reconciled with the Bank Pass Book, and the vouchers examined. If no Cash Book has been kept a total Cash A/c. must be prepared from the Bank Pass Book, and Wages and Petty Cash Books, and the analyses of the Ledger. Expenses and Drawings would, of course, be ascertained from the Cash Book, and charged to their respective a/cs.; **(5)** The **totals** or results of the **analyses** would all be posted to their respective a/cs. and a Trial Balance prepared; **(6) Adjustments** for Bad Debts, Depreciation, Expenses accrued, Payments in advance, Interest on Capital and Loans, should then be made; **(7)** A Final Trial Balance, Trading and Profit & Loss A/cs. and Balance Sheet can then be prepared.

Ruling for **Analysis** of **Sales Ledger.** Debit Side.

Led. Fol.	Opening Balances.	Sales.	Special Items.	Total.

Credit Side.

Led. Fol.	Cash.	Discount.	Returns Inwards.	Bills Receivable.	Special Items.	Closing Balances	Total.

Ruling for **Analysis** of **Purchases Ledger.** Debit Side.

Led. Fol.	Cash.	Discount.	Returns Outwards	Bills Payable.	Special Items.	Closing Balances.	Total.

Credit Side.

Led. Fol.	Opening Balances.	Purchases.	Special Items.	Total.

The **LANCASHIRE & CHESHIRE UNION of INSTITUTES** hold their examination every March, the entrance fee being 2/6 for external students. A Syllabus may be obtained (post free 9d.) from the *Secretary, 33 Blackfriars Street, Manchester.* The results are generally announced about the end of June. The marks on the Junior Examination Paper are now apportioned as follows: theory 15, practical a/cs.,—part 2, 60; part 3, 25.

Lancashire and Cheshire Union. (*Junior*, 1907).

Part I. 1. What do you understand by:—(*a*) Capital, (*b*) Voucher, (*c*) Bringing down a balance. **2.** Mention two or three ways in which a cheque can be crossed. **3.** What is a Bank Pass

Book? Explain its use to a business man. **4.** Rule the form of a Petty Cash Book, and enter an amount of £12 received by the petty cashier on the 1st Mar., 1907, and the details of four payments made by him for the week ended 8th Mar. Bring down the balance. **5.** On 1st Jan., 1907, John Smith had Cash £5 10s., Cash at Bank £60 10s., Goods £125, and Wm. Alton owed him £7. He owed Arthur Roberts £27 10s. Journalise (only) the above.

Part II. 6. On 1st March, 1907, Chas. Henry Smithson commenced business as a Grocer with £1000 Capital, of which £950 was paid into his Banking A/c., and £50 retained as Cash in hand for business purposes. Enter in the proper books, post to Ledger, and take out Trial Balance.

Mar. 1.	Purchased Goods at J. Robinson & Son's auction mart, and paid cheque	£731	5
	Bought Office Furniture & Fittings for Cash...	38	-
,, 9.	Sold to Mrs. B. Vero, Goods	7	5
,, 13.	Purchased from Lipton's Ltd., Tea	28	10
,, 15.	Purchased from J. G. Cooper, Sugar	13	5
,, 16.	Paid Lipton's Ltd., Cheque in full settlement	27	-
,, 18.	Goods bought at Robinson's auction m't for cash	10	-
,, 19.	Sold to Mrs. A. Harker, Goods	3	3
,, 25.	Recd. from Mrs. B. Vero, Cash £7, allowed Dis.	-	5
,, 29.	Cash Sales for month	132	-
	Paid Shop Assistants wages for month (Cash)	5	6
	Paid Rent for month (Cheque)	5	-
	Paid Trade Expenses for month (Cash)	9	10
	Paid into Bank	102	5

Part III. 7. Prepare P. & L. A/c. and Balance Sheet on 31st March, 1907. *Value of Stock*, £659 3s.

Answer.—*Gross Profit*, £18 11s., *Net Profit*, *Nil*; *Bal. of Cap.* £1000. *Total of B/S.* £1013 5s. *Cash Balance*, £23 19s., *Bank Balance*, £289.

Lancashire & Cheshire Union. (*Junior*, 1908).

Part I. 1. Explain the meaning of the following :—(*a*) Personal A/c., (*b*) Impersonal A/c., (*c*) Crossed Cheque, and give an example of each. **2.** What is the object of a Goods A/c., and how is it balanced? **3.** Explain the difference between Cash discount and Trade discount. **4.** On 1st April, 1908, James W. Barlow had Cash in hand £17 10s. Goods on hand, £50 10s., and W. Anson and Chas. Harper owed £20 10s. and £17 respectively; Barlow had no liabilities, excepting Lloyd's Bank, Ltd., to whom he owed £17 10s. Journalise (only) the above. **5.** Make out Sam Jay's A/c. in your Ledger in respect of the following dealings during March, 1908 :—Mar. 2, Jay buys Goods from you £20; Mar. 8. You receive Cash from Jay on A/c. £15; Mar. 10. You sell Goods to Jay £16; Mar. 31. You buy Goods from Jay £2.

Part II. 6. On 1st March, 1907, Wm. Slater commenced business with a balance at his bankers of £1500, and Cash in office £225. Enter in the proper books, post to Ledger, and take out T.B.

Mar. 1.	Purchased goods for Cash	£175	
,, 2.	Paid for Office Furniture & Fittings, Cash	10	
,, 5.	Paid into Bank	25	
,, 6.	Sold W. Anson, Goods	142	
,, 9.	Received from W. Anson on A/c.	100	
,, 12.	Sold J. Wormald, Goods	35	
,, 15.	Received from J. Wormald £32; allowed dis. £3...	35	
,, 16.	Bought of Sims & Co., Goods	80	
,, 19.	Paid Cheque to Sims & Co. in full settlement	76	
,, 19.	Purchased from Emile Robarts, Goods	50	
,, 31.	Cash Sales for month	20	
	Paid Wages by Cash	15	
	Paid Rent for month by Cheque	10	
	Paid into Bank	100	

Part III. 7. Prepare P. & L. A/c. and Balance Sheet on 31st March, 1907. *Value of Stock*, £128.

Answer.—*Gross Profit*. £20; *Net Loss*, £4; *Balance of Cap.* £1721; *Total of B/S.*, £1771. *Cash Bal.* £52, *Bank Bal.* £1539.

Lancashire & Cheshire Union. (*Junior*, 1909).

Part I. 1. What is the use of the Journal? Give two examples illustrating the class of items which can be passed through the Journal. **2.** What is meant by "Consignment A/c.?" Albert Jones sends to Jamaica, on consignment a/c., goods of the value of £600. He also pays for freight and insurance charges £22. What books would these entries be passed through and how? **3.** What do you understand by a "Returns Book?" Make the rulings of such a book for a company who have a number of returns, and whose business is divided into the three following departments:—Woollens, cottons, silks. **4.** William Robinson owes you for goods sold to him on 2nd July, 1908, £275 16s. On 6th July, 1908, he sends a bill for £125 due on 1st Oct, 1908, and also cash on a/c. of the balance, £62 17 6. On the 1st Oct., 1908, he fails to meet his bill, and you pay for noting the dishonoured bill 1/6. On 31st Dec., 1908, you receive from his Trustee in Bankruptcy a first and final dividend of 6/8 in the £. Show William Robinson's Ledger A/c. in your books. **5.** What is meant by:—(*a*) Gross Profit, (*b*) Net Profit? A man's turnover for the year ended 31st Oct., 1908, is £12500, his Gross Profit is £2500, his Net Profit is £750. What is the rate per cent on the turnover for Gross Profit and also for Net Profit? **6.** You supply Mr. Lloyd Asquith with goods of the value of £550, and he gives you in payment a B/E. due on 1st Jan., 1909. On 1st Nov., 1908, you discount the bill at the rate of 5% per ann. How much cash will you receive, and give the entry that you will make in your cash book on this date.

Part II. 7. On 1st Feb., 1909, Henry Wood commenced business with the following **Assets**:—Cash in hand £50 1 6; Cash at Bank £864 7 6; Stock-in-trade £560; William Jones £162 1 3; Jas. Slater £124 2 6. His **Liabilities** are:—John Jackson £400 2 9; A. Wilson £103 15 -; Webster & Co. £156 15 -. Enter in the proper books, post to Ledger, and take out Trial Balance.

Feb. 1.	Sold Goods to Wm. Jones	£80	10
,, 2.	Gave Bill to A. Wilson at 3 mos. in settlement	101	-
,, 3.	Pd. to John Jackson on A/c. by Cheque	100	-
,, 4.	Drew from Bank for Petty Cash	10	-
,, 5.	Cash Sales	125	-
,, 6.	Paid into Bank	150	-
,, 9.	Bought of Webster & Co., Goods	250	-
,, 11.	Recd. from Wm. Jones, Bill at 4 mos. in settlement	236	-
,, 12.	Bought Office Furniture and Fittings by Cheque	50	-
,, 13.	H.Wood withdr'ws from Bank for private purposes	180	-
,, 13.	Pd. out of Petty Cash, Stamps, and Sundry Exs.	3	-
,, 15.	Sold Goods to Jas. Slater	200	-
,, 17.	J. Slater returns goods, being inferior to sample	20	-
,, 19.	Paid Webster & Co. Cheque £300, Dis. £7 10 -	307	10
,, 23.	Paid John Jackson on A/c. Cheque £100. Dis. £5	105	-
,, 28.	Received Rent from sub-tenant	6	-
,, 28.	Drew Cheque for £60, and paid Wages	57	-
,, 28.	Rent *due* to Landlord	36	-
	Credit Capital with Interest	6	10
	Depreciate Office Furniture	4	-

Part III. 8. Close the a/cs., bring down balances, prepare P. & L. A/c. and B/S. on 28th Feb., 1909. *Stock* £484 10s.

Answer.—*Gross Profit*, £60; *Net Loss*, £31 16 3; *Bal. of Cap.* £894 13 9; *Total of B/S.* £1326 1 6. *Cash Balance*, £34 1 6, *Bank Balance*, £214 7 6.

Lancashire & Cheshire Union. (*Junior*, 1910).

Part I. 1. What do you understand by an "Inward Invoice?" Into what book would it be entered and to which side of a personal a/c. in the ledger would the amount be posted? How would it be dealt with for easy reference? **2.** What is the difference between "bankers' discount" and "true discount?" You discount with your banker a B/E. at three months for £200, the bank rate being 4%. What amount would your banker charge for discounting such bill? **3.** Who are the parties to a B/E.? Make out a B/E. showing the amount of stamp duty, drawn by K. Hindley on J. Thompson for £312 9s. 6d., dated 5th March, 1909, at three months' date. Show also the acceptance and endorsement of such bill.

4. On the 1st Jan., 1910, John Mason supplies you with goods value £200. His terms are 5% dis. if you pay cash on the 31st Jan., or net if you pay by a six months' bill dated from the

1st Jan. Which method would you adopt in paying Mason's a/c., assuming that on the 1st Jan., 1910, you had £400 in the bank on which interest was being earned at 3% per ann.? Give reasons for your answer. **5.** Define the following terms :—(*a*) Capital expenditure. (*b*) Revenue A/c. (*c*) Depreciation. (*d*) Mortgage. **6.** In taking out the balances of your books you find that your book-keeper has made the following errors :—£25 paid for office furniture has been debited to "Trade Expenses A/c."; Invoice for £23 for goods purchased has not been passed through books, although the goods are included in the stocktaking. How would you rectify these errors?

Part II. 7. On the 1st Dec., 1909, the balances in Joseph Penn's books stood as follows :—Cash in hand, £20 18s. 3d.; Cash at Bank, £123 4s. 2d.; Stock-in-trade, £517 8s.; Fixtures & Fittings, £82 3s. There is **owing to him** by L. Max, £35; Williams & Son, £26 10s. 7d.; Kay & Co., £5 9s. **He owes** to H. Simpson, £408 10s.; H. Taylor, £302 3s. Enter in the proper books, post to Ledger, and take out Trial Balance.

1.	Borrowed from W. Sykes on loan	£100	-	-
2.	Bought goods from H. Simpson for cash	23	12	8
	And for credit	55	6	2
4.	Paid into Bank	90	-	-
5.	Recd. B/E. at 6 mos. in payment of L. Max's a/c.	35	-	-
6.	Sold to Williams & Son, Goods	87	10	-
	Sold Goods for Cash	12	-	-
8.	Pd. H. Simpson on a/c. by cheque, £200; Dis....	10	-	-
9.	Received from Williams & Son, cheque on a/c., which was paid into bank same day, £50; dis.	2	10	-
10.	Received Credit Note from H. Taylor for goods returned	38	2	8
11.	Sold Goods to H. Taylor	100	1	6
12.	Drew Cheque for Petty Cash	10	-	-
13.	Bought stamps out of Petty Cash	3	10	-
15.	Bought of William Smith, Goods	93	1	6
18.	Repaid W. Sykes by cheq., being £50 part repayment of loan, and £1 int. to 31st Dec.	51	-	-
20.	Recd. from Kay & Co. in settlement of their a/c.	5	2	-
22.	Recd. notice from Official Receiver that L. Max has been made bankrupt and has no assets.			
23.	Paid Salaries out of Cash	8	-	-
28.	Paid Carriage out of Petty Cash		18	6
31.	Railway a/cs. due but not paid	5	8	-
	Joseph Penn withdraws for private purposes ...	15	-	-
	Credit Capital with Interest	2	-	-
	Depreciate Fixtures & Fittings	2	3	-

Part III. 8. Close the a/cs., bring down balances, make out P. & L. A/c. and B/S. *Stock on 31st Dec., 1909,* £480 2s. 10d.

Answer.—*Gross Profit,* £28 8 8; *Net Loss,* £22 7 10; *Bal. of Cap.,* £64 12 2; *Total of B/S.,* £630 16 8. *Cash Balance,* £1 7 7. *Bank Balance,* £2 4 2.

Lancashire & Cheshire Union. (*Junior,* 1911).

Part I. 1. What do you understand by :—(*a*) Lien, (*b*) Insolvent, (*c*) E. and O.E.? **2.** Explain the meaning and effect of the words "not negotiable" when written across a cheque.

3. On 1st Jan., 1911, A. Marston, Manchester, sells the following goods to M. Archer, Leeds :—2 cwts. best sugar at £12 per ton, subject to trade dis. of 10% ; 1½ cwts. butter at £5 per cwt., subject to trade dis. of 20% ; 2 gross eggs at 9d. per doz., subject to trade discount of 33⅓% ; 5 cwts. bacon at £6 10s. per cwt., subject to trade dis. of 25%. Terms 2½% monthly. Make Invoice.

4. On 1st February, 1911, Messrs. Rhodes & Co., Stockport, drew a B/E. upon John Ellis, of Liverpool, for £325 at 4 months' date, which was duly accepted payable at the Manchester & County Bank, Liverpool; after acceptance the bill was endorsed to Albert Blackston, Preston. Draw the B/E. showing acceptance, endorsement, and stamp duty.

5. Referring to the previous question, supposing the bill at due date was returned dishonoured, and the endorsee arranges with the acceptor to accept a new B/E. dated the due date of the one dishonoured, at 4 months plus interest at 5% per ann. for the period and 2s. 6d. expenses. Make the Journal entries in the books of the acceptor **6.** What is a Trial Balance, and what are its uses?

Part II. 7. On the 1st Jan., 1911, L. Huntley commenced business with **Assets** :—Cash in hand, £32 18s. 9d.; Cash at Bank, £133 16s. 1d.; Goods on hand, £412 8s.; M. Saunders, £38 10s.; F. Hartley, £53 18s.; S. Fearnley, £86 12s. 8d.; Horses & Carts, £53. **Liabilities** :—A. Knowles, £219 11s. 6d.; and W. Close, £291 12s. Enter in the books, post to Ledger, and take out T.B.

1.	Bought Goods for Cash	£25	10	-
2.	Recd. from M. Saunders, Cheque for his a/c. and allowed him 5% discount			
4.	Sold Goods to S. Fearnley for Cash	12	19	3
	Do. do. do. on Credit	53	1	8
5.	Accepted A. Knowles' B/E. at 4 months	219	11	6
6.	Recd. from S. Fearnley cheque, and pd. same into Bank, £82 ; allowed discount, £4 12s. 8d.	86	12	8
8.	Sent Credit Note to F. Hartley for goods damaged	9	7	6
9.	Sold Goods to M. Saunders	43	18	-
10.	Bought Goods from W. Close	18	3	5
11.	Sent Cheque to W. Close, £142 10s. ; Dis. allowed	7	10	-
12.	Bought a new Horse, and pd. for same by cheque	21	-	-
13.	Paid Wages by cash	10	5	-
15.	Received Cheque on a/c. from M. Saunders	20	-	-
18.	Paid into Bank	35	-	-
20.	Returned Goods to W. Close, not up to sample	58	10	-
22.	Paid Cash for Carriage	7	10	6
23.	M. Saunders failed and paid a composition of 6s. 8d. in the £ into our banking a/c.			

28.	L. Huntley pays his private a/cs. by cheque.....	£15	-	-
31.	Depreciate Horses & Carts	2	8	-
	Credit Capital with Interest	1	10	-
	Gas and Water A/c. due	9	11	6

Part III. 8. Close the a/cs., bring down balances, make out P. & L. A/c. and B/S. *Stock on 31st Jan.* 1911, £355 5s. 4d.

Answer.—*Gross Profit,* £58 5 4; *Net Profit,* £12 - 6; *Bal. of Cap.,* £298 10 6; *Total of B/S.* £628 18 11. *Cash Balance* £24 4, *Bank Balance* £80 5 5.

Lancashire & Cheshire Union. (*Junior*, 1912).

Part I. 1. Explain the meaning of the following :—(*a*) Days of grace. (*b*) Books of original entry. (*c*) Fixed assets. **2.** Explain what is meant by the "Imprest system" of keeping Petty Cash. Give a form of ruling suitable for a firm who pays postages and telegrams, travelling expenses, and sundry expenses out of Petty Cash. **3.** When closing a manufacturer's books on the 31st Dec., 1911, you are requested to provide for depreciation at 5% on Plant and Machinery standing in the books at £2500, at 7½% on Loose Tools & Utensils standing at £750, and at 5% on office Furniture standing at £100. Show the combined Journal entry necessary to do this.

4. On 31st Dec., 1911, a merchant's Cash Book showed his balance in Bank to be £242 16s. 8d. His pass-book, however, on that date showed a balance to his credit of £310 9s. 6d. On checking the details with his cash book he found that the following cheques issued by him before the 31st Dec., had not been presented :—J. Pickles, £10 8s. 6d.; T. Wallis, £52 14s. 2d.; and W. Martin, £30 2s. 4d. He also discovered that an amount of £25 12s. 2d., shown by his cash book to have been paid into the bank on the 31st Dec., had not been credited to him by the bank until 1st Jan., 1912. Draw up a Reconciliation Statement.

5. Rule a form of Sales Day Book suitable for a business with four separate departments and enter therein two specimen entries. **6.** State what you consider is the order in which the Assets of a firm should appear in the B/S. Give reasons for your answer.

Part II. 7. The position of B. Salt on 1st Feb., 1912, was as follows :—**Assets** :—Cash in hand, £24 3s. 6d.; Cash at Bank, £312 8s. 9d.; Bill Receivable, due 10th Feb., £86 10s.; G. Thorp, £21 6s. 8d.; W. Stott, £59 5s. 6d.; Office Furniture, £62 15s.; Goods on hand, £522 7s. **Liabilities** :—J. Firth, £218 9s. 6d.; J. Holroyd, £371 3s. 4d. Enter in the proper books, post to Ledger, and take out Trial Balance.

1.	Recd. B/E. at 2 mos. from W. Stott in settlement of his a/c.	£59	5	6
2.	Sold Goods to E. Evans for Cash	81	6	-
	Paid into Bank	100	-	-
3.	Bought for Cheque, roll top desk	5	5	-
6.	Drew and cashed cheque for Office Cash	20	-	-

6.	Paid Wages and Salaries in Cash	£18	10	-
9.	Paid Bill due 10th inst. into Bank	86	10	-
12.	Bought Goods from J. Holroyd	110	9	8
	Paid J. Firth, by cheque, which with discount settled his a/c.	207	11	-
14.	Sold Goods to G. Thorp	290	3	4
15.	Gave J. Holroyd a B/E. for	371	3	4
18.	Recd. from G. Thorp a cheq. which was pd. into bank same day, £295 18s. 6d.; allowed dis.	15	11	6
21.	Paid in Cash, Carriage outwards	3	8	6
25.	Bought Goods for cheque	70	8	6
	Sold Goods to W. Stott	62	12	8
28.	W. Stott returned part of Goods invoiced on 25th	20	6	8
	B. Salt draws a cheque for private purposes ...	18	10	-
29.	Charge depreciation of Office Furniture	1	5	-
	Rates and Taxes due but not paid	6	8	6

Part III. 8. Close the a/cs., bring down balances, make out P. & L. A/c. and B/S. *Stock Valued at* £339 19s. 10d.

Answer.—*Gross Profit,* £50 10 -; *Net Profit,* £16 5 -; *Bal. of Cap.,* £496 18 7; *Total of B/S.,* £985 - 1. *Cash Balance* £3 11, *Bank Balance* £473 2 9.

The **LONDON CHAMBER of COMMERCE** examinations are usually held about the middle of May each year, the results being announced about the end of July. The fee for the "Junior" Examination is 2/6. A copy of the Syllabus may be had from the *Secretary, Oxford Court, Cannon Street, London, E.C. 4, at 4d. post free.*

Exercise 44. (*L.C.C., Junior,* 1908.)

(Ex. No. 44 was formerly an exam. paper of the R.S.A.)

1. What is the principal book of account? **2.** A. Help is in the habit of entering all his transactions into daily record books, keeping two of such books, one for each alternate day. On Tuesday he would hand to his book-keeper the book containing the record of transactions which took place on Monday, and so on. The book-keeper is required to enter these transactions into their proper subsidiary books and post the same to the Ledger. Into which subsidiary book, if any, would each of the following items be entered. Give your reasons shortly and concisely. (Instead of rewriting the particulars of each item the candidate may refer the answer to the letter preceding each item).

(*a*) Started business with £1000 cash with which I opened an a/c. at Parr's Bank.

(*b*) Purchased from Geo. Head, office furniture and stationery for which I gave him a cheque for £50.

(*c*) Drew from the Bank for petty cash, £5.

(*d*) Purchased from A. Kaye goods value £50, terms 5% at one month.

(*e*) Ordered Goods from R. Gee to the value of £100, terms cash on delivery.

(*f*) R. Gee delivered goods (*e*) which were in order, gave him cheque.
(*g*) Purchased from E. Smith goods value £200, terms 5% one month, 2½% three months.
(*h*) Sold B. Jones goods value £90.
(*k*) Accepted E. Smith's draft £150 at 4 months from 4th Sept.
(*l*) Sold to A. Green goods value £100.
(*m*) Returned to E. Smith goods invoiced to me at £20, which were not up to sample.
(*n*) Drew on B. Jones for £90 at 3 months.
(*o*) A. Green returned to me goods which were damaged £20.
(*p*) Paid Railway Company's charges £5 by cheque.
(*q*) Received B. Jones' acceptance £90 (*n*).
(*r*) Received cheque from A. Green £76, allowed him Dis. £4.
(*s*) Drew cheque for personal use £5.
(*t*) Handed to Bankers for collection, B. Jones' acceptance due £90.
(*v*) B. Jones' acceptance £90 returned to me dishonoured. Noting charges 1/6 debited my a/c. by bankers.
(*w*) Paid travelling expenses out of cash £2.

3. On 30th March, 1908, the balances in my books were : —

Dr. Balances—		**Dr. Balances** continued—	
A Chair	£25	Bills Receivable	£250
B. Glass	60	Repairs and Renewals of Plant and Machinery	50
C Paper	90	Bank Balance	500
Stock, 1st Jan., 1908	1000	Petty Cash in hand	10
Purchases	3500	**Cr. Balances**—	
Rents, Rates and Taxes	75	C. Box	200
Wages in factory	500	R. Green	300
Salaries	60	Sales	4500
Horse keep and hire	50	Bills Payable	200
Trade Expenses	30	A. Smith, Loan A/c.	500
Furniture & Fixtures, 1st Jan.	400	Capital A/c.	1500
Plant & Machinery, 1st Jan.	600		

On 31st March, 1908, the following cash transactions took place :—Received from C. Paper, Cheque £85 10s., allowed him Dis. £4 10s.

B/R. £50, E. Kaye, under discount at my Bankers returned to me dishonoured. Noting charges 1/6 debited by Bankers.
Paid R. Green's a/c. £300, less 5% discount.
Discounted with Bankers, Bills Receivable £250. Bankers charged for Discount £4 10s.
Paid by Cheque, Salaries for month £30.
Drew Cheque for private a/c. £50.
Paid A. Smith Interest on loan to date £5.

Enter the Cash Book and post. *Stock* 31st March, 1908, £900. Charge for Depreciation 5% per ann. on Furniture and Fixtures and 10% per ann. on Plant and Machinery. Prepare T.B., Trading, P. & L. A/cs. and B/S.

Answer.—*Gross Profit,* £400; *Net Profit,* £86; *Bal. of Cap.,* £1536; *Total of B/S.,* £2436.

Exercise 45. (*L.C.C., Junior,* 1909.)

(Ex. No. 45 was formerly an exam. paper of the R.S.A.)

1. State the objects of the following books and the methods of using the same, upon the basis of the double entry system :—Cash Book, Purchases Book, Returns Inwards Book, B/R. Book.

2. Some of the balances in John Jones' ledger on the 1st October, 1907, were :—Owing to : A. Fell £300, R. Lion £165; Owing by : B. Smith £171, A. Seal £300, B/P. £200; Stock on hand £855; Rent due £75; Petty Cash in hand £18; Cash at Bank £550 5 -. Open ledger, enter in proper books, post and carry down balances.

Oct. 1.	Bought of A. Fell, Cloth	£180	-	-
	Bought of R. Lion, Cloth	335	-	-
,, 4.	Sold to A. Seal, Cloth	220	-	-
,, 6.	Sold to B. Smith, Cloth	112	10	-
,, 8.	Paid A. Fell, by cheque	300	-	-
,, 10.	Accepted R. Lion's draft, £500, at 3 months			
,, 13.	Recd. from A. Seal, cheque £292 10s. ; Dis.	7	10	-
	Paid cheque for Rent	75	-	-
,, 15.	Sold A. Seal, Cloth	118	5	-
,, 18.	Sold B. Smith, Cloth	216	10	-
,, 20.	Drew on B. Smith for £500 at 3 months			
,, 23.	Discounted B. Smith's acceptance at my Bankers, who charged Discount £4			
,, 24.	Paid Bills Payable	200	-	-
,, 26.	Bought of R. Lion, Cloth	250	-	-
,, 28.	Sold to B. Smith, Cloth	225	10	-
,, 31.	Drew Cheques :—Salaries £30, Petty Cash Expenditure for month £16, Drawings £40			
	B. Smith returned Cloth damaged	25	-	-

3. On 30th June, 1908, after the first twelve months' trading, W. Boyce obtained from his books, etc., the following information :—He had stock in hand on 30th June, 1908, £2000. His purchases and wages had amounted to £15000, and his sales to £16500. He had paid or brought into a/c. Rent, Rates & Taxes £753; Salaries £400; Travelling Expenses £300; Travellers' Commission £360; Trade Expenses £482; Carriage Outwards £150. Discounts allowed by him £250; Discounts received by him £225. After allowing £15 for depreciation, the Furniture, etc., was valued at £285. Private drawings amounted to £700, Book Debts due to him £4000, Creditors (including Bills Payable) £2500, Cash at Bank and in hand £715. Prepare the T.B. (bringing into a/c. W. Boyce's cap. at commencement, which is the sum required to complete the T.B.). Also prepare Trading and P. & L. A/cs. and B/S.

Answer.—*Gross Profit,* £3500; *Net Profit,* £1015; *Bal. of Cap.,* £4500; *Total of B/S.,* £7000.

4. What is a contingent liability? Give an example.

Exercise 46. (*L.C.C., Junior,* 1910).

(Ex. No. 46 was fomerly an exam. paper of the R.S.A.).

1. On 1st July, 1909, George Field, who commenced business as a merchant borrowed, free of interest, from B. Tree £750, which he paid into the London Banking Co., from whom he received a cheque book containing 60 cheques. Pass the entries through the books, take out a T.B., prepare Trading, P. & L. A/cs., and B/S.

July 2.	Drew from Bank for Petty Cash	£10	-
	Purchased from A. Smith, goods	750	-
,, 4.	Sold to B. Tree, goods	375	-
,, 8.	Purchased from A. Smith, goods	1500	-
	A. Smith drew on G. Field at 3 mos. for	1125	-
,, 10.	Sold to B. Tree, goods	900	-
,, 11.	Drew from Bank for Petty Cash	22	10
,, 13.	B. Tree paid by cheque	525	-
,, 14.	Consigned goods to G. Tom, Paris, on own a/c.	750	-
,, 18.	Purchased from A. Smith, goods	1050	-
	Drew from Bank for Petty Cash	22	10
,, 21.	Sold goods for Cash, paid same into Bank	20	-
,, 23.	Sold Goods to B. Tree for 3 mos. bill	450	-
,, 24.	Repaid by cheque, the debit of an a/c. in Geo. Field's name with the City Banking Co.	81	15
	Returned to A. Smith soiled goods invoiced at	75	-
,, 25.	Drew from Bank for Petty Cash	22	10
	Paid A. Smith by cheque	750	-
,, 27.	Discounted with the London Banking Co., B/R. £450, and was charged for	5	10
,, 31.	Received from G. Tom, A/S. of consignment, together with draft on Abel & Co. for net proceeds, which was paid into Bank	825	-
	Paid A. Smith by cheque	750	-
	Received from B. Tree, invoice for agreed price of Office Furniture & Fixtures, which sum was placed to the credit of B. Tree's a/c. ...	75	-
	Sold B. Tree, goods	525	-

Summary of Petty Cash payments for month :—Salaries, £20; Trade Exs., £21 10s.; Fire Insurance paid on 8th July, £6; Personal Drawings, £25. Outstanding liabilities not yet brought into a/c. were :—Printing and Stationery, £22 10s.; Office repairs, £7 10s. Accrued liabilities were :—Gas, £2; Rent, 1 month at £300 per ann. **Stock,** 31st July, £400.

Answer.—*Gross Profit,* £195; *Net Profit,* £159 15s.; *Bal. of Cap.,* £53; *Total of B/S.,* £1835. *Petty Cash Balance,* £5, *Bank Balance,* £905.

2. State the errors, if any, which appear in the following T.B. made out by a merchant's clerk for the year ended 31st Dec., 1909.

Capital A/c.		£2000
Sundry Debtors	£1000	
Sundry Creditors		800
Goods A/c.		1250
Trade Expenses, Rent, &c.	500	
Salaries & Wages	300	
Goodwill		500
Bank Overdraft	500	
Furniture & Fixtures	200	
Drawings A/c.	450	
Leasehold Premises, value 1st Jan., 1909	1600	

3. What are the principal books of account in a merchant's office? State very briefly their uses. **4.** What do you understand by "reconciliation of bank balance?" What is the procedure to effect it?

Exercise 47. (*L.C.C., Junior,* 1911).

(Ex. No. 47 was formerly an exam. paper of the R.S.A.).

1. A. Land's books on 1st Jan., 1910, contained the following balances:—Debtors: B. Grass, £180 3s.; C. Tree, £160; D. Fence, £309 17s. Creditors: E. Green, £200 10s.; F. Leaf, £105 15s. B/P.: due 15th Jan., £131 5s.; due 15th Feb., £131 5s. B/R.: due 4th Jan., £180. Stock, £1262. Petty Cash, £10. Cash at Bank, £321 15s. Furniture and Fittings, £45. Find Land's Capital on 1st Jan. **2.** Open the Ledger of A. Land with the above and enter the following transactions in the proper subsidiary books; post to the Ledger, make T.B. and prepare Trading, P. & L. A/cs., and B/S. **Stock,** 31st Jan., £1500.

3. Sold to D. Fence, 15 cwts. Coffee @ 100/- per cwt., 100 chests Tea, 2000 lbs. @ 1/10½ per lb.
4. Handed to Bank for collection, B/R. £180, due 5th Jan.
5. B/R. duly collected and credited to a/c.
8. Drew cheque for Petty Cash, £30.
11. Pd. E. Green and F. Leaf respectively cheques in settlement of their a/cs. after deducting from each dis. at the rate of 5%.
12. Received of B. Grass, cheque £171 2s. 6d. to settle his a/c.
14. Recd. of C. Tree, cheque for the amount of his a/c. less 2½%.
15. Drew cheque for Petty Cash, £30.
B/P. due this day, met at Bank, £131 5s.
17. Bought of E. Green, 120 cwts. of Coffee @ 65/-.
Handed to Green acceptance at 3 mos. net for amount.
19. Sold to C. Tree 80 cwts. Coffee @ 92/6, 320 chests Tea, 6400 lbs. @ 1/10½.
22. Drew cheque for Petty Cash, £30.
24. D. Fence paid by cheque £300 on a/c.
25. Bought of F. Leaf, 1000 chests Tea, 20200 lbs. at 1/-.

26. Paid F. Leaf by cheque, £200, and handed him two acceptances for the balance of his a/c. in equal moieties at 2 mos. and 3 mos. respectively.
27. Drew on D. Fence at 2 mos. for the balance of his a/c.
29. Drew cheque for Petty Cash, £30.
Received of Fence his acceptance of draft sent on 27th.
31. Sold to B. Grass, 100 cwts. Coffee @ 91/6, 200 chests Tea, 2100 lbs. at 1/8.
C. Tree returned (not up to sample) 100 chests of Tea, part of his purchase on 19th Jan. Sent him C/N.
Payments from Petty Cash during the month were :— Personal drawings, £60, Salaries, £40; Carriage and postage, £10; Petty expenses, £12.

Answer.—*Gross Profit*, £515 10; *Net Profit*, £455 15 9; *Bal. of Cap.*, £2295 15 9; *Total of B/S.*, £3627 - 9. *Petty Cash Balance* £8, *Bank Balance* £386 13 9.

3. Define the following :—Bill of Lading. Business Capital.

4. Rule a form of Petty Cash Book suitable for a small manufacturing business.

Exercise 48. (*L.C.C., Junior*, 1912).

(Ex. No. 48 was formerly an exam. paper of the R.S.A.).

1. Enter the following transactions, for **February,** 1912, in the proper books, post to the Ledger, and extract a T.B. A. Samuel, Coal Merchant, being about to retire from business, arranged to sell to J. Parker the Assets as they stood on 1st Feb., upon the following terms :—(*a*) Goodwill £500, to be discharged by four acceptances of £125 each, dated 1st Feb., 1912, at 2, 4, 6, and 8 months respectively. (*b*) Stock on hand, Rolling Stock, Horses, etc., to be paid for by cheque on receipt of the valuers' certificates. (*c*) Fittings and Fixtures £100, to be paid for by cheque on 1st Feb., 1912. (*d*) The book debts to be collected by J. Parker on behalf of A. Samuel. All the book debts collected in each month to be paid to A. Samuel on the last day of the month in which they were collected, less 5% on the total amount collected during the month.

1. J. Parker paid into the London Banking Co., £3000.
1. Paid A. Samuel cheque for Furniture and Fittings, £100.
2. Sold E. Mallett & Co., 50 tons Derby Coal at 25/- per ton.
3. Drew cheque, £50 for Petty Cash.
5. Received certificate that the value of Stock of Coal on hand at 1st Feb. was £853 6s. Sent A. Samuel cheque in accordance with agreement.
6. Sold L. Bide, 160 tons Kitchen Coal at 22/6 per ton, and 80 tons Welsh Steam Coal at 28/- per ton.
6. Recd. from E. Mallett & Co., cheque for debt owing on 31st Jan. last, £55.
7. Recd. certificate that the value of the Rolling Stock, Horses, etc., on 1st Feb., was £950. Sent A. Samuel cheque in accordance with agreement.

8. Shipped to A. Wolf, of Kiel, 420 tons of Brightside Coal at 21/- per ton, on consignment.
   Paid by cheque Freight and Insurance £42 on consignment to A. Wolf.
9. Bought of Derby Mining Co., 500 tons of Coal at 12/6 per ton.
10. Paid by cheque Midland Railway Co.'s a/c. £125 for carriage of coal purchased from Derby Mining Co.
    Recd. from B. Smart, cheq. for a/c. due to A. Samuel, £85.
12. Accepted Derby Mining Co.'s draft at 2 mos., dated 9th Feb., for coal purchased on that day.
14. Sold to E. Mallett & Co., 100 tons Kitchen Coal at 23/- per ton and 50 tons Derby Coal at 26/- per ton.
17. Drew on E. Mallett & Co. at 2 mos. from this date for the amount of their a/c.
21. Bought of the Welsh Colliery Co., 1000 tons coal at 15/- per ton, terms 2½% discount in one week.
    E. Mallett & Co. returned draft forwarded to them on 17th Feb. unsigned and sent in its place their draft for a similar amount accepted by Smith & Sons, which J. Parker placed under discount at the London Banking Co. who charged £3 for discount.
22. Recd. of A. Wolf, of Kiel, A/S. of Consignment with sight draft on Montague & Co., for net proceeds, £500.
    Handed draft to London Banking Co. for collection.
26. Paid by cheque Welsh Colliery Co., the amount of their a/c.
28. Sent cheque to A. Samuel in settlement of debts collected on his behalf, less 5%.
    Paid by cheque G. W. Ry. Co.'s charges £300, for carriage of Welsh Coal.

2. What comment, if any, have you to make on the T.B. below?

Goodwill	£300	Capital Account	£800
Furniture and Fittings	100	G. Johnson	700
Horses, Vans, etc.	600	Royalty Account	50
A. Read	200	Bills Payable	750
Goods Account	400		
Cash	50		
Bank	450		
Bills Receivable	200		
	£2300		£2300

3. Define the following terms:—Rebate, Tare, Premium, Narration. **4.** Sketch the B/E. mentioned in Question 1, 21st Feb., as having been received from E. Mallett & Co., showing the signatures which appeared upon it when it was handed to the London Banking Co.

Exercise 49. (*Society of Arts, Inter.*, 1893).

A. How are the following classes of Accounts closed?:—Personal A/cs., Discount A/cs., Goods A/cs., P. & L. A/cs.

B. April 1st, Black borrows £150 from White and accepts his draft at 3 months for the amount. White discounts this acceptance a month later with the Notable Discount Company. Give the accounts as standing in Black's and White's Ledgers respectively.

C. On 1st January, 1893, John Andrew, hotel proprietor, commenced business with the following **Dr. Balances:**—Freehold Premises, £5000; Bank balance, £1418 17 6; Cash in house, £155 18 2; Furniture & Fittings, £450; Wines, Spirits, ale, and minerals, £243 15 10; Tobacco and Cigars, £35 - 3; Poultry, meat, &c., £5 10 2; Groceries, £27 18 6; Sundry stores on hand, £142 8 7; Sundry outstanding visitors' a/cs. £50 7 10.

He owed:—John Smith, £172 8 8; Amos Jones, £9 18 4; Wm. Taylor, £23 5 6; Jas. Watson, £41 18 6; Sundry persons £92 17 4.

Jan.	1.	Received cash from visitors	£40	5	6
,,	1.	Paid into Bank	100	-	
,,	2.	Paid W. Taylor, cheque	23	5	6
,,	2.	Paid James Watson, cheque	38	-	-
,,	4.	Bought of Walter Berry, carpets	62	5	-
,,	4.	Paid J. Smith, cheque £150, Dis. £3 11 8	153	11	8
,,	5.	Recd. cheq. from J. Sims for amount written off last year as a bad debt (74)	8	15	-
,,	6.	Bought of Fred Wilkinson, sundry stores	28	13	11
		Paid cash £28 5 -, dis., 8s. 11d.	28	13	11
,,	7.	Paid A. Jones by cheque	9	18	4
,,	8.	Bar and Billiard room receipts for week	36	14	5
,,	9.	Paid into Bank	60	-	-
,,	11.	Paid poor rates by cheque	13	5	-
,,	11.	Paid James Watson by cheque	3	18	6
,,	13.	Received statement from Wilfred Simpson for carriage hire on a/c. of visitors	4	2	9
,,	13.	Paid W. Berry by cheque	62	5	-
,,	14.	Received cheque from visitor, gave him cash, and paid cheque to bankers	25	-	-
,,	14.	Bought of A. Jones, cigars, as per invoice, subject to 2½ per cent. discount	50	-	-
,,	15.	Bought Furniture of Wm. Dunn	132	17	6
,,	15.	Received C.N. from him for old furniture in exchange	38	5	8
,,	15.	Paid cash for sundries	6	18	11
,,	16.	Paid cash on a/c. of washing for visitors	3	9	4
,,	16.	Bought of J. Smith, wine in bond	63	17	6
		Pd. H.M. Customs duty on same, cash (180)	15	10	
,,	18.	Paid A. Jones by cheque (see Jan. 14)	48	15	-
,,	18.	Sundry bar and billiard room receipts	42	10	7
,,	19.	Paid gas a/c. cash	9	4	8
,,	19.	Paid W. Dunn by cheque	94	11	10
,,	20.	Bot. of W. Taylor, Poultry, &c., per his book	29	15	4

Jan.22.	Bought of J. Watson, groceries	£23	2	8
,, 22.	Paid for Sundries in cash	42	17	7
,, 23.	Received Statement from W. Simpson for Carriage hire on a/c. of visitors	5	2	3
	Paid him cheque	4	3	9
,, 25.	Paid J. Watson cheque £22, dis. £1 2 8	23	2	8
,, 25.	Paid Taylor cheque £28 12 2, dis. £1 3 2	29	15	4
,, 26.	Sundry bar and billiard room receipts	45	11	3
,, 28.	Bought for cash, sundries	15	18	5
,, 29.	Bought of J. Smith, ale as per invoice	23	10	-
	Paid him cheque £22 5 -, dis. £1 5 -	23	10	-
,, 30.	Sundry bar and billiard room receipts	36	9	8
	Cash received during January from visitors' bills and paid into bank	338	11	7
	Credit interest on capital	30	-	-
	Wages and Salaries due this day	24	3	4
	Depreciation on Furniture (82)	4	10	-
	Sundry outstanding visitors' accounts	47	2	11
	Stocks:—*Wines, spirits, ales, minerals,* £109 13 2; *Tobacco and Cigars,* £53 8 8; *Poultry, meat, &c.,* £3 7 6; *Groceries,* £18 15 2; *Sundry Stores,* £49 18 11.			

Answer.—*Trial Balance* £7966 - 1; *Net Loss* £59 3 1; *Bal. of Cap. A/c.,* £7160 5 5. *Total of B/S.,* £7365 2 10. *Cash Balance* £59 - 8, *Bank Balance* £1421 9.

Exercise 50. (*Society of Arts, Inter.,* 1894).

A. "Forty lakhs of remittances on India were offered for tender, but the only response was an application for Rs. 26000 in Bills at 1/3 with the result that the Council made no allotment." (*Times,* City Article, October 5th, 1893). Comment on and explain this paragraph. **B.** Define "Bank Rate." How is it settled? What objects are sought by its advance or reduction?

C. The following shows the state of affairs of Messrs. John and Joseph Tough, ironwork contractors, at Jan. 1st, 1894. Credit each partner with 5 per cent. interest on his capital, and carry the amount of the profit or loss in equal shares to their respective capital accounts. All payments over £5 by cheque; under that amount in coin; all receipts paid into bank same day. *Liabilities*:—Capital—John Tough, £13057 14 1; Jos. Tough, £15960 1 6. Creditors—Peter Jones, £923; John Smith, £1027 16 -; Hy. Brown, £450; B/P. No. 391, £1000; No. 392, £850 10 -. Instalments recd. on current contracts:—No. 124, Wessex Bridge, £960; No. 125, Mercia Tanks, £1845; No. 126, Cantia derricks £2460. Mortgage on premises, £15000. (See par. 191, also 193 and 194).

Assets:—Freehold works, £26000; Plant, machinery & rolling stock, £5280; Bankers, £2456 1 9; Office Cash, £84 7 4; B/R. No. 248, £365. Debtors:—Thos. Tiger, £1254 9 3; Edward Eagle, £1215 10. Current contracts—value of work done:—No. 124, £1530 2 9; No. 125, £3160 10 4; No. 126, £5130 12 8; No. 127, Devonia viaduct, £815 10; Materials on hand, £6241 17 6.

Jan.	1.	Bought of J. Smith, 100 tons plates @ £7 ...	£700	-	-
,,	2.	Paid him cheque	1200	-	-
		Do. bill at 2 mos. (172)	500	-	-
,,	3.	Paid rates and taxes	31	7	6
,,	4.	Received payment, Bill No. 248 (146)	365	-	-
,,	6.	Received instalment, contract No. 125	1000	-	-
,,	6.	Paid Sundry petty expenses	4	16	-
,,	6.	Paid fire insurance	32	1	6
,,	8.	Took contract for Anglia girders, No. 128...	1250	-	-
,,	9.	Paid bill No. 392 (146)	850	10	-
,,	9.	Bot. of P. Jones for Cash, 45 cwt. rivets @ 32/-	72	-	-
		Materials supplied to date :—Con. No. 124...	248	15	-
		No. 125 £132 7 6, No. 127, £315 9 8, No. 128	264	7	6
,,	11.	Received of Thos. Tiger, cheque	400	-	-
,,	12.	Contract No. 126 completed and passed and balance of contract received	3500	-	-
		Partners' drawings £500 each (78)	1000	-	-
,,	13.	Bought of Henry Brown for 2 months bill, 50 tons angles @ £7 10 (172)	375	-	-
,,	13.	Drew chq. for wages pd. this day : Con. No. 124, £222 6 -, Con. No. 125, £107 5, Con. No. 126, £5 15 6, Con. No. 127, £128 18 6, Con. No. 128	52	3	4
,,	16.	Paid Henry Brown, £430, Dis. £20	450	-	-
,,	17.	Received of Edward Eagle	1200	-	-
		Allowance on settlement	15	10	-
,,	18.	Received instalment on Contract No. 124 ...	500	-	-
,,	21.	Bot. of Stephen Spicer, timber as per inv. ...	142	3	6
,,	22.	Received instalment, Contract No. 128	350	-	-
,,	23.	Received sundry cash sales	18	1	6
,,	24.	Partners' drawings; John Tough (78)	150	-	-
,,	24.	Paid Peter Jones	500	-	-
,,	25.	Paid bill, No. 391 due this day (146)	1000	-	-
,,	25.	Recd. of Thos. Tiger, bill at 3 months (171)	841	3	6
,,	26.	Paid to S. Spicer, £140. Dis. £2 3 6	142	3	6
,,	27.	Drew cheq. for wages pd. this day, Con. No. 124 £125 19 4, No. 125 £22 11, No. 127 £173 7 11, No. 128	230	4	4
,,	27.	Recd. net proceeds sale by auction of loose plant, Con. No. 126, value in books, £350	186	15	-
,,	27.	Paid office salaries for month	27	10	-
,,	27.	Received instalment Contract No. 127	1000	-	-
,,	28.	Con. No. 125 completed and passed. Final bal. due £2100. Instalment received	1650	-	-
,,	29.	Paid half-year's interest on mortgage (191)	300	-	-
,,	31.	Materials supplied to date :—Con. No. 124	831	15	-
		Con. No. 127, £463 10 -, Con No. 128.....	159	17	6
,,	31.	Paid Water Rate	10	4	6
,,	31.	Paid inspector's fees, Con. No. 125	31	10	-
,,	31.	Paid off Mortgage (191)	2000	-	-
		Depreciation of buildings (82)	54	10	-
		,, of plant and machinery	24	6	-
		Int. on Cap., John £54 4 -, Joseph £65 15 3.			
		Stock of Materials, £4822 16 8.			

Answer.—*Trial Balance* £45516 18 1; *Profit on Con.* 125, £1490 16 2, *on Con.* 126 £660 6 10; *Loss on Materials* £274 - 8; *Net Profit* £1279 1 1; *Bal. of Cap. A/cs.; John* £13101 8 8; *Joseph* £16165 7 3. *Total B/S.* £43592 11 11. *See page* 219. *Cash Balance* £79 11 4; *Bank Balance* £3782 3 10.

Exercise 51. (*Society of Arts, Inter.,* 1896).

A. Explain the following terms:—Not Negotiable. Negotiable by endorsement. Statute of Limitations. Salvage. **B.** An agent issues about 50 cheques each day, and usually at the end of each month about 60 are current and not yet presented at the Bank. What means would you think best to ensure a correct list of these outstanding Cheques on the first day of the succeeding month?

C. The following was the statement of affairs of Arthur Archer, wine merchant, on 31st Jan., 1896 (par. 79). *Liabilities*:

Bills Payable—No. 241, £187 16, No. 242, £150 ...	£337 16	-
Overdraft at Bankers, £213 5; Concia & Co., Lisbon	824 17	6
Druitt & Duse, £596 10 -; Sundry Creditors	1438 10	9
Capital	4364 2	6
Assets:—Stock in bond, in cellars and with agents...	3070 15	-
Bills Receivable—No. 104, £137, No. 105, £50	187 -	-
Stock on Consignment with Henry Hart, Montreal	874 10	6
Europa Club, £185 6 -. Grant & Green	72 15	-
Sundry Debtors—Agents, £1144 9 6; Trade A/cs. ...	2240 5	9

On Feb. 1st, the business was transferred to Bruce Balfour on the following terms. The cap., together with a premium of £800 for Goodwill, to be paid on taking possession, in cash £1664 2 6, and three P/N. for £1000, £1000, and £1500 at 3, 4, and 6 mos., any of which might be retired at any time less a rebate of 6%. Balfour taking all the Assets with all profits and risks, and undertaking to discharge all Liabilities. Open and close the a/cs. for these particulars and the following transactions of Balfour. Receipts paid bank same day, and all payments, unless otherwise stated, by cheque.

Feb. 1.	Paid Cash into Bankers (*Balfour's Capital*)	£3000	- -
	Delivered to Arthur Archer, cheque	1664	2 6
	Delivered to A. Archer, 3 P/N. Nos. 243, 4 and 5, for £1000, £1000, and £1500.....	3500	- -
	Drew cheque for office cash	50	- -
,, 3.	Drew Bill, No. 106, @ 3 mos. on Europa Club which they accepted (171)	150	- -
,, 3.	Sold Kirk & Co., wines as per invoice	72	10 -
,, 4.	Received Cash, sundry trade debts collected	238	- -
,, 7.	Paid traveller's commission and expenses...	14	- -
	Sold Kirk & Co., 10 cases champagne	38	10 -
,, 10.	Accepted Concia & Co.'s bill @ 3 mos. (172)	700	- -
	Paid them cheque	124	17 6
,, 12.	Recd. from Hy. Hart A/S. of consignment with sight draft net proceeds (176)	936	17 6
,, 15.	Paid Local Board Rates	8	1 4
	Paid law costs transfer of business	23	6 8

Feb. 18.	Received payment of bill No. 104 (146) ...	£137	-	-
	Sold Lord Lingrove wines as per invoice...	185	-	-
,, 19.	Recd. of Kirk & Co., cash £109, dis. £2...	111	-	-
	Shipped on consignt. to H. Hart wines (174)	742	-	-
	Paid shipping charges, freight, insurance	13	12	6
,, 21.	Sold Europa Club 10 cases claret at 45/- ...	22	10	-
,, 25.	Paid off bill No. 245 under rebate (169) ...	1461	-	10
	Accepted Druitt & Duse's draft @ 3 mos....	500	-	-
,, 28.	Pd. Book-keeper & month's wages office cash	28	9	4
Mar. 1.	Recd. of H. Hart, on a/c. of consignt. (176)	450	-	-
,, 3.	Recd. of Sundry agents, cash as per C/B....	284	-	-
,, 3.	Bot. of Nuelli & Co., 10 pipes port for 4 months bill	580	-	-
,, 5.	Sold sundry persons wine, as per day book	421	5	-
,, 7.	Paid sundry trade creditors, as per C/B....	356	10	-
,, 9.	Recd. of Ochoa & Co. wines on consignt.(178)	746	15	-
	Paid dock charges (178)	5	9	6
,, 12.	Rose's bill returned dishon'red & noting (166)	50	1	6
	Drew cheque for office cash	20	-	-
,, 15.	Sold Lord Lingrove further wines	81	15	-
	Received his cheque on a/c. for	125	-	-
,, 17.	Recd. first and final dividend, 17/6 in the £ from Grant & Green (95a)	63	13	2
,, 18.	Sold out of bond goods consigned by Ochoa	825	-	-
	Charged Commission 5%	41	5	-
	Remitted them 7 days draft in settlement...	778	5	6
,, 20.	Bot. of Druitt & Duse, 40 cases champagne	120	-	-
,, 22.	Paid bill No. 241 (146)	187	16	-
	Recd. cash, sundry agents	203	5	-
	,, from Rich. Rose, for bill & exs.	50	1	6
,, 24.	Sold Europa Club for cash, wine	39	15	-
	Received cash, sundry trade a/cs.	234	7	4
,, 26.	Bought of Nuelli & Co., claret	78	10	-
	Claimed on them for ullage (leakage) of claret, claim allowed	5	-	-
,, 26.	Paid them cheque, £69 11 6, dis. £3 18 6...	73	10	-
,, 31.	Pd. month's wages & petty exs. office cash	29	6	6
,, 31.	Paid quarter's rent, office and cellars	25	-	-
	Stock-in-trade, valued at cost	2341	4	6

Answer—*Trial Balance*, £10497 10 5; *Profit on Wine*, £100 4 6; *on Consignment, No.* 1, £62 7 -; *Net Profit*, £107 8 6; *Bal. of Cap. A/c.* £3107 8 6. *Total of B/S.*, £8785 19 3. *Cash Balance* £12 2 8, *Bank Balance* £1681 - 8.

Exercise 52. (*Society of Arts, Inter.*, 1897).

A. Explain clearly the difference between Guaranteed, Preference, Ordinary, and Deferred Stocks. How would you keep the Cap. and Revenue A/c. of a Reserve Fund Investment in some of them where occasional changes by purchases and sales take place? How would you value the stocks at the close of each year? **B.** What are Real A/cs.? Have they any other name? How are they closed?

C. The "Clayshire Tyke" is a weekly Newspaper. The Proprietor's Balance Sheet, on Dec. 31st, 1896, showed **Trade Debts** owing by him £238 17 4, Subscription Orders received but not fulfilled £201 5 6, Bills Payable Nos. 18 and 19, £120 and £76 14 4 respectively; Owing to Powder & Co., £138 7 6, and to Snowball & Bell £48 9 -. His **Trading Property** consisted of Freehold Premises, Machinery and Fixed Plant £4726 10 -; Fixtures, Type and Stereos £567 16 5; Amounts owing by Sundry Agents £187 10 -; Debts due from Advertisers £71 9 5; Paper Stock £102 15 6; Ink, Wrappers and other Stock £25 7s. 6d.; Cash at Bank £537 1 10; in Office £17 2 6; Stamps £6 8 -. You are desired to determine his Cap., open proper A/cs., and record and post thereto the following transactions. After that you will bal. the A/cs., and draw out a T.B., P. & L. A/c., and B/S. for the period of two months ending Feb. 27th, 1897. All cash receipts paid into Bank the same day; and all payments, unless otherwise stated, made by cheque.

Jan.	2.	Paid for postage stamps	£25	-	-
,,	8.	Recd. cash, sundry agents, as per Cash Book	114	15	8
		Discounts and returns for papers unsold	21	7	5
,,	12.	Received subscriptions in advance as per Subscription Order Book	294	5	6
,,	18.	Bot. of Powder & Co., paper for 2 mos. Bill...	146	19	-
,,	21.	Paid for stamps	55	-	-
,,	25.	Bought of Snowball & Bell, Ink	15	12	-
,,	29.	Received cash from agents	34	7	9
		Discount and returns allowed them	10	10	10
,,	31.	Production a/c. paid editors and contributors	49	9	-
		,, ,, paid compositors, machining, and office wages	41	-	-
		,, ,, paid sundry exs., office cash	9	11	7
		Stamps used for subscribers' copies per book	73	10	-
		Advertisement orders for month as per advertising Journal:—Cash recd. with adverts.	113	14	6
		Credit accounts	142	17	-
		Received cash, sales over counter	131	7	4
		Sales to agents for month per Agents' Book...	135	8	6
		Production a/c., News Agency telegrams paid as per Telegrams' Book	31	17	-
Feb.	1.	Paid Bill No. 18 due this day (146)	120	-	-
		Pd. Powder & Co., £133 - 6; dis. £5 7 -	138	7	6
		Paid sundry trade accounts owing	59	10	-
,,	2.	Received cash, waste paper sold	17	4	4
,,	3.	Recd. payment credit advertisers' a/c.	41	15	9
		Purchased for cheq. printing office fixtures...	12	10	-
,,	4.	Received cash, additional subscriptions	116	7	6
,,	5.	Bot. of Powder & Co., paper for 3 mos. bill...	231	15	-
		Received cash for old type sold	11	4	6
,,	6.	Paid for stamps	32	-	-
,,	9.	Bot. of Snowball & Bell, ink rollers	36	5	8
,,	13.	Received cash from agents	95	10	6
		Discounts and returns allowed them	27	5	7

Feb.16.	Recd. cash, adv rtisers' credit a/cs.	£75 10 -
	Proprietor's Private drawings (71)	200 - -
,, 20.	Recd. cash, waste paper sold	10 4 6
,, 23.	Bought of Snowball & Bell, Ink	20 11 6
	Paid Bill No 19 (146)	76 14 4
,, 24.	Received cash from agents	24 3 7
	Discounts and returns allowed	4 16 6
,, 26.	Paid Snowball & Bell, £116, dis. £4 18 2 ...	120 18 2
,, 27.	Received cash, sales over counter	128 4 5
	Paid gas consumed in January	15 3 8
	Paid for stamps	30 - -
,, 27.	Advertisem't orders per Advertising J'rnal:	
	Credit of £83 2 6, cash recd. with adverts....	152 9 9
	Production a/c., pd. editor and contributors	50 2 -
	,, ,, pd. compositors, machining and office wages	47 15 -
	,, ,, paid office cash, petty exs....	6 1 9
	Stamps used for subscribers' copies	69 7 -
	Sales to agents for month	140 10 6
	Production a/c., pd. News Agency telegrams	42 - -
	Depreciation of building, machinery & plant	32 10 -
	,, fixtures, type & stereos (82)	18 9 6
	Stock of paper on hand	220 10 6
	,, *ink, wrappers, and sundries*	15 3 8
	Liability for Subscriptions unfulfilled	284 17 6
	,, *for serial adverts. not yet appeared*	21 15 9

Trial Balance £7510 18 10.

Dr. **Subscriptions A/c.** (Ex. 52). **Cr.**

1897.		£	s.	d.	1897.		£	s.	d.
Jan. 31	To Postages	73	10	-	Jan. 2	By Balance b/f.	201	5	6
Feb. 27	,, Postages	69	7	-	,, 12	,, Cash	294	5	6
,, 27	,, *Subscriptions unfulfilled c/d.* .	284	17	6	Feb. 4	,, Cash	114	7	6
,, 27	,, *Transfer to Sales A/c.*	184	4	-					
	£	611	18	6		£	611	18	6
					Mar. 1	By Subs. unfulfilled b/d.	284	17	6

Dr. **Sales A/c.** (Ex. 52). **Cr.**

1897.		£	s.	d.	1897.		£	s.	d.
Feb. 27	*To Transfer to P. & L. A/c.*	747	3	7	Jan.31	By Cash Sales	131	7	4
					Feb. 2	,, Waste Paper	17	4	4
					,, 20	,, Waste Paper	10	4	6
					,, 27	,, Cash Sales	128	4	5
					,, 27	,, Agents for S.B. ..	276	19	-
					,, 27	,, Subscriptions A/c.	184	4	-
	£	747	3	7		£	747	3	7

Dr. **Production A/c.** (Ex. 52.) **Cr.**

1897.		£	s.	d.	1897.		£	s.	d.
Jan. 31	To Editor's and Contributors' Salaries	49	9	-	Feb. 27	*By Transfer to P. & L. A/c.*	277	16	4
,, 31	,, Compositors' and other Wages	41	-	-					
,, 31	,, Office Expenses	9	11	7					
,, 31	,, NewsAgencyTelegr'ms	31	17	-					
Feb. 27	,, Editor's and Contributors' Salaries	50	2	-					
,, 27	,, Compositors' and other Wages	47	15	-					
,, 27	,, Petty Expenses	6	1	9					
,, 27	,, NewsAgencyTelegr'ms	42	-	-					
		£ 277	16	4			£ 277	16	4

Dr. **Profit & Loss A/c.** (Ex. 52.) **Cr.**

1897.		£	s.	d.	1897.		£	s.	d.
Feb. 27	To Production A/c. ...	277	16	4	Feb. 27	By Sales A/c.....	747	3	7
,, 27	,, Paper A/c.....	260	19	-	,, 27	,, Advertisements A/c.	470	8	-
,, 27	,, Ink, Wrappers, A/c.	46	7	4					
,, 27	,, Gas A/c.....	15	3	8	,, 27	,, Discount A/c....	10	5	2
,, 27	,, Discount and Returns A/c.	64	-	4					
,, 27	,, Depreciation A/c...	50	19	6					
,, 27	,, *Net Profit*	512	10	7					
		£ 1227	16	9			£ 1227	16	9

BALANCE SHEET on 27th February, 1897.

Liabilities.	£	s.	d.	Assets.	£	s.	d.
Sundry Creditors :—				Cash in hand £1 9 2			
On Bills Payable	378	14	-	Cash at Bank 761 5 11			
On Open Accounts ...	179	7	4		762	15	1
Subscriptions	284	17	6	Postage Stamps	5	11	-
Advertisers	21	15	9	Sundry Debtors :—			
Capital :—				Agents £130 11 2			
1st Jan. ... £5418 7 6				Advertisers 180 3 2			
Add Profit 512 10 7					310	14	4
5930 18 1				Stocks of :—			
Less				Paper.....£220 10 6			
Drawings 200 - -				Ink, Wrappers and Sundries 15 8 8			
	5730	18	1		235	14	2
				Fixtures, Type & Stereos £567 16 5			
				Fixtures purchased..... 12 10 -			
				580 6 5			
				Less Type sold ...£11 4 6			
				Less Depreciation 18 9 6			
				29 14 -			
					550	12	5
				Premises, Machinery & Fixed Plant .....£4726 10 -			
				Ink Rollers purchased... 36 5 8			
				4762 15 8			
				Less Depreciation..... 32 10 -			
					4730	5	8
	£ 6595	12	8		£ 6595	12	8

TRADING & P. & L. ACCOUNTS.

226. A **TRADING** or **MANUFACTURING A/c.** partakes of the nature of a Profit & Loss A/c. in which the opening Stock and the more immediate or **direct cost** of **production** alone, and not of *distribution,* is summarised. The items to be thus **debited** to the Trading A/c. are brought from their respective a/cs. at the end of the period on balancing, and may consist of (1) Opening Stock. (2) Purchases of raw materials or finished goods, or materials consumed in the process of manufacture, after deduction of Returns Outwards. (3) Packing materials, canvas, boxes, bags, cases, crates, straw, paper, string, labels, &c. (4) Carriage, cartage, transport, freight and shipping charges. Some accountants charge Carriage (Inwards) on Purchases to the Trading A/c., and Carriage (Outwards) on Sales to the P. & L. A/c. (5) Coal, Gold, or other Mining or Patent Royalties or Concessions Rents; as well as the working costs of mining, developing, hauling, winning, milling, tramming, cyaniding, surface damages, &c. (6) Customs or Excise Duties. (7) Coal, coke, and other fuel, when *extensively* used in the process of manufacture; as in the production of earthenware, bricks, metal ware &c., otherwise in the P. & L. A/c. (8) Manufacturing or productive Wages.

227. The **credit** side of a **Trading A/c.** only contains the Sales or Output, less Returns Inwards; Commissions received, and closing Stocks. In some manufacturing concerns the *net* value of "Materials consumed" is given, thus indicating that the stock has been deducted from the materials purchased; consequently the *stock* must *not* appear in the Trading A/c. only in the B/S. In gold mining only the gold produced must be credited to the Trading A/c.; while gold ore in *stock;* not having been crushed, &c., and made saleable, must *not* be shown as a profit, but merely an asset. **Trade Discount** is usually *deducted* in the Purchases or Sales Books, and the *net* amount only posted to the ledger a/cs., but where the trade discount has not been so deducted, it should appear in the Trading

Account, but Trade or General Expenses, by reason of their miscellaneous character, should be placed in the P. & L. A/c. A Trading A/c. is **balanced** like an ordinary Goods A/c., the stock of materials and manufactured goods being credited and the *difference,* which is either a **gross profit** or a **gross loss,** being carried down or transferred to the Profit & Loss A/c. The **working** or **distributive expenses** of the business must be debited to the Profit & Loss A/c., and any other income credited, the *difference* being a **net profit** or a **net loss.**

228. In establishments where there are **departments** in respect of which it is desirous to ascertain what profits they each realise, it will be necessary to keep separate Trading and P. & L. A/cs., and to apportion and debit against each department its share of the **Standing Expenses** or **Establishment Charges,** viz. :— Rent, taxes, insurance, depreciation, lighting, power, warehouse, and office salaries, *cash* discounts, &c. As in the case of a Trading A/c., these various items relating to the cost of *distribution* are, of course, only transferred from the subsidiary A/cs. to the P. & L. A/c. when balancing. The P. & L. A/c. has thus a momentary existence; it is opened only to be immediately closed. When **insurance** is paid in advance it is preferable to show it as a deduction on the Dr. side of the P. & L. A/c. when possible; in other cases it must be entered on the Cr. side.

229. The **division** of the **Profit & Loss A/c.** into **two sections** is usual in large businesses, the *first* section being used for the establishment charges (which may be sub-divided into mill charges and warehouse and office charges), and the gross profit brought down from the Trading A/c. The *second* section of the P. & L. A/c. shows on the Cr. side the balance brought down from section one and any rents or dividends received; and on the Dr. side such expenses as do not affect your trading, for instance, partners' salaries, interest on capital, income tax, &c., as well as the disposition or appropriation of the net profit. The **advantage** derived

from thus dividing and sub-dividing the Trading and P. & L. A/cs., is in being able to watch readily the **percentage** of **profit,** and to **compare** the percentage earned during one period with that earned during another.

230. The **authors** have prepared some printed and ruled **foolscap sheets** with a view to illustrating and facilitating the working of exercises, showing Trading and P. & L. A/cs. and B/S., and will forward a complete set on receipt of 1/2. Address : *P.O. Box A. 27, Huddersfield.* These sheets are very useful for **business men** when preparing their own a/cs. at the periodical balancing.

Dr. **Sales A/c.** **Cr.**

1924.		£	1924.		£
Dec. 31	*To Transfer to Trading A/c.*	96853	Jan. 31	By Sundries as per S.B.	10306
			Feb. 29	,, Ditto	9489
			Mar. 31	,, Ditto	7523
			April 30	,, Ditto	6394
			May 31	,, Ditto	8468
			June 30	,, Ditto	9705
			July 31	,, Ditto	10104
			Aug. 31	,, Ditto	8967
			Sept. 30	,, Ditto	10032
			Oct. 31	,, Ditto	5907
			Nov. 30	,, Ditto	4460
			Dec. 31	,, Ditto	5498
		£ 96853			£ 96853

Dr. **Trading A/c.** for the year ended 31st Dec., 1924. **Cr.**

	£		£
To **Stock,** *1st Jan., 1924,* viz.:—		By Sales £96853	
Materials in process... £17255		*Less* Returns 3132	
Finished Pieces..... 16428			93721
	33683	,, Commission Work	365
,, Materials consumed	36969	,, **Stock** *31st Dec., 1924* :—	
,, Dyewares consumed.....	2399	Materials in process £15264	
,, Chemicals, Soap, Size, Oil, &c.	1608	Finished Pieces 16938	
,, Outwork	5266		32202
,, Packing Materials	225		
,, Carriage and Freight.....	942		
,, Manufacturing Wages	19816		
,, **Gross Profit** *carried to Profit & Loss A/c.*	25380		
	126288		£ 126288

Dr. Profit & Loss A/c. for the year ended 31st Dec., 1924. **Cr.**

		£		£
To **Establishment Charges (Mill)**—			By Gross Profit from Trading A/c.....	25380
Mill Managers' Salaries.....	£1000		,, Discount on Purchases	727
Mechanics', Joiners', and Plumbers' Wages	405			
Watchmen's and Time-keepers' Wages	127			
Coal and Motive Power.....	1996			
Rents, Rates, Taxes, Gas & Insurance	3539			
Mill Furnishings, Repairs, & renewals of Machinery	1602			
Mill Building Repairs.....	174			
Stables	140			
Cards	484			
Incidental Trade Expenses	268			
Depreciation, Plant & Machinery	1380			
		11115		
,, **Establishment Charges, (Warehouse and Office)**—				
Warehouse & Office Salaries	532			
Travellers' Salaries & Exs.	1218			
Rents, Rates, Taxes, Gas & Insurance	363			
Stables	114			
Incidental Trade Expenses	200			
Commission	319			
Depreciation, Warehouse & Office Fittings	10			
		2756		
,, **General Charges**—				
Bank Charges	259			
Discount on Sales ...	£1089			
Reserve for Discount	700			
		1789		
Bad Debts	79			
Doubtful Debts R'serve	70			
		149		
		2197		
BALANCE carried down		10039		
		£26107		£26107
To Partners' Salaries		£1500	By Balance b/d.....	£10039
,, Interest on Loans and Capital		2400	,, Dividends received.	300
,, Loss on Investments.....		66	,, Rents received	27
,, Income Tax		200		
,, **Net Profit** *for the year*, viz.:—				
John Carnegie, three-fourths	£4650			
Keir Hardie, one-fourth.....	1550			
		6200		
		£10366		£10366

231. A BALANCE SHEET is a statement showing in summary form the various **debit** and **credit balances** standing in the books at any given date (after collecting into the Trading and Profit & Loss A/cs. all balances

relating to Revenue), the items in the Balance Sheet being so grouped and classified as to show clearly the financial position of the concern at the date of the statement. It is compiled from the Trial Balance by arranging together only such items as represent Assets (Dr. balances) and Liabilities (Cr. balances), supplemented by Reserves, Unexpired Charges, and other sundry items for which adjustment has to be made, lists of the Debtors and Creditors having first been made, and the total amounts of each being entered as *Sundry Debtors* and *Sundry Creditors.* A Balance Sheet must not only show whether the business is solvent or insolvent, and the amount of the Capital; but also of what the Capital consists. Trading Capital or Assets is of two kinds—Fixed and Floating. The term *Capital* must not be considered as referring only to the excess of assets over liabilities. Capital includes the amount of credit a person is able to obtain on B/P., open a/cs., loans or mortgages. In the B/S. on page 255 the **Trading Capital** is £21633 7s. 4d., while the **Traders' or Proprietors' Capital** is only £11259 16s. 2d.

232. Fixed Capital or **Assets** is the property which you, as Capitalist, retain in your possession, and use in the carrying on and conduct of your business. For instance: land, buildings, plant, machinery, tools, fixtures, horses, carts, goodwill and permanent investments. While a horse used by a tradesman for ordinary business purposes would be fixed Capital, one in the hands of a Horse Dealer would become **Floating** or **Circulating Capital** or **Assets,** which consists of property a capitalist exchanges or deals in, *buys* and *sells,* in the ordinary way of business, with the object of making profit. For example: Stock-in-Trade of every description, Money in whatever form, and book debts. Machinery in the hands of a Machine Broker, Land owned by an Estate Company, Shares held by an Investment Company, would all be Floating Assets. So far as they are available, Assets of this nature form the **Working Capital** of the business in which they are employed.

233. Items placed on the **Assets** side of the Balance Sheet may be further divided into the following four classes :—**(1) Realisable,** such as Cash and those Assets which may be realised either at short notice or within a reasonable time, including marketable securities, debts due to the business, shares in dividend-paying companies, Stock-in-Trade, Freehold and Leasehold Property, Loans on Mortgage, etc. **(2) Assets unrealisable** except as a going concern, such as Buildings erected for a special purpose, Fixtures and Fittings, Plant, and Shares in non-dividend-paying companies. **Assets** that are **Intangible,** some of them unrepresented by expenditure, and therefore largely **fictitious,** such as short Leases, unexpired Insurances, Rates, Taxes, &c., Trade Marks, Patents, Copyright, Goodwill, Development Expenditure, Preliminary Expenses. **(4) Losses,** such as a deficiency on the Profit & Loss A/c., or any special loss brought into the Balance Sheet.

234. In **preparing** a **Balance Sheet** the items must be **grouped, ranked,** or **marshalled** in a consistent manner. No definite rule can be laid down for marshalling the items beyond stating that there are two principal methods adopted in modern business. The **first method** is that in which the Assets are so arranged or marshalled according to their availability for the discharge of the Liabilities. That is, those Assets which may be readily realised come before those which are not so readily convertible into cash. The three items, Cash, Bills Receivable, and Investments—total £7462 1 11, shown in the Balance Sheet on page 255, would be called **Liquid Assets,** on account of the fact that they are *immediately* available or realisable for the payment of Liabilities. The **Liabilities** must be displayed in the order in which they would be required to be met, the Capital coming last. This arrangement of a Balance Sheet is generally adopted by **banks** and financial undertakings (see page 257), also by the smaller class of ordinary traders or firms.

235. The **second method** of **marshalling** the items is almost the reverse of the first method, the most unrealisable assets, such as Property, Fixtures, Machinery, being put first, and Bills Receivable, Investments,

and Cash last, as shown in the example on page 256. This method is the one adopted by some private businesses, and by most **Limited Companies,** whose Capital is generally stated first on the left-hand side of the B/S., followed by the various Liabilities. The **Nominal** or **Registered** or **Authorised Capital** is the maximum amount which a Limited Company has power to raise; say, 50,000 shares of £1 each. **Issued** or **Subscribed Capital** is the amount offered and subscribed for, and consequently allotted in shares or stock to the shareholders; say, £45,000, thus leaving £5,000 **Unissued Capital** to be issued at a later date, if necessary. The **Called-up Capital** is that portion of the Subscribed Capital which is necessary in order to carry on the business of the Company; say, 10s. per share = £22,500. The **Paid-up Capital** is that part of the Called-up Capital which has actually been received in cash by the Company from the shareholders; say, £22,400: one shareholder having failed to pay the "call" made upon him.

236. The question now arises, does the following B/S. on page 255 show you to be free from financial embarrassments? Yes. Why? Because while your **Current Liabilities** (Sundry Creditors on B/P. and Open A/cs.), cannot possibly exceed £5373 11s. 2d., you have Liquid Assets to meet them amounting to £7462 1s. 11d.; surplus £2088 10s. 9d. Had your Liquid Assets, however, only amounted to £500, even though your other assets had been correspondingly increased, your financial position would have been considered unsound, inasmuch as you would have been unable to meet readily the demands of your creditors. Such a B/S., while showing you to possess the same amount of capital, would nevertheless indicate what is known as **Overtrading,** which means purchasing beyond your capital; or trading without adequate means actually at command.

237. If you had occasion to place the B/S. on page 255 before your **Banker** with the object of **negotiating a loan** you would find that in forming his estimate of your financial position, he would depreciate your stock at

least 10%, Plant, &c., 50%, Premises and Fittings, 75%, and totally disregard the Goodwill. Business premises are generally most difficult to dispose of when forced upon the market; Goods, Plant, Machinery and Fittings, when put under the hammer, are often sold at a great sacrifice, while Goodwill is generally unsaleable.

238. In **preparing** Trading, P. & L. A/cs., and B/S. from **exercises** it is advisable, first of all, to make a T.B., remembering *not* to include therein any of the various adjustment items, relative to reserves, depreciation, &c., which are generally given either at the beginning or the end of the exercise. When reserves and depreciations have to be provided be careful to show them both in the P. & L. A/c. and B/S. Where **depreciation** has been provided for in the a/cs. *before* the preparation of the T.B., it must be noted that the Real A/c. affected has been charged and that the *net* amount of the asset will appear among the Dr. balances of the T.B.; therefore if it is desired to show such depreciation in the B/S., it must first be *added* to the amount as shown in the T.B., and then deducted. Care must be taken not to charge *excessive* depreciation in respect of capital additions during the period under review; for instance, supposing Machinery A/c. stands on 1st January at £5000, and, during the following June, additional Machinery is purchased of the value of £500, the depreciation to be reckoned on the annual balancing in December (unless otherwise stated), would *not* be 10% on £5500 for twelve months, but would be 10% per annum on £5000 = £500; plus 10% per annum on the £500 = £25, the latter being for six months only.

Dr. **Machinery A/c.** **Cr.**

1924		£	1924		£
Jan. 1	To Balance .....b/d	5000	Dec. 31	By Depreciation :—	
June 20	„ Cash for Additions	500		10% on £5000 £500	
				10% on £500 £25	
					525
			„ „	„ *Balance* .....c/d	4975
		£5500			£5500
1925					
Jan. 1	To Balance .....b/d	4975			

BALANCE SHEET of Messrs. Solvent & Capital on 31st December, 19—

LIABILITIES.	£	s.	d.	£	s.	d.
Sundry Creditors, viz. :—						
On Mortgage of Freehold Premises				3000	-	-
Interest thereon						
Bank Overdraft						
On Loan, Arthur Swift				2000	-	-
On Bills Payable (as per List)				3005	2	6
On Open A/cs. (as per List)	2493	1	8			
Less Reserve for Discount	124	13	-			
Capital, viz. :—						
Alfred Solvent, 1st Jan.	5000	-	-			
Add Interest on Capital	250	-	-			
Add ½ Share of Profits	2940	3	4			
	8190	3	4			
Less Drawings £1270 3 6						
„ Interest 45 - -						
	1315	3	6			
	6874	19	10			
John Capital, 1st Jan.	2500	-	-			
Add Interest on Capital	125	-	-			
Add ½ Share of Profits	2940	3	4			
	5565	3	4			
Less Drawings £1150 - -						
„ Interest 30 7 -						
	1180	7	-			
	4384	16	4	11259	16	2
				£21633	7	4

Contingent Liability on B/R. discounted and not matured £1169 7s. 6d.

ASSETS.	£	s.	d.	£	s.	d.
Cash at Bank	2305	9	6			
„ at Office	15	-	-			
				2320	9	6
Investments (as per List)				1725	5	8
Sundry Debtors (as per List), viz. :—						
On Bills Receivable				3416	6	9
On Open Accounts £1750 -						
Less Doubtful Debts Reserve 87 10						
	1662	10	-			
Less Reserves for Discount	83	2	6			
				1579	7	6
Stocks (as per Stock Book), viz. :—						
Materials in process	896	10	-			
Finished Goods	1340	9	8			
Material	762	4	6			
Sundry Stores	169	7	9			
Goods on Consignment	326	5	6			
				3494	17	5
Plant and Machinery.						
On 1st January, 1924 £2000						
Add Additions 200						
	2200	-	-			
Less 10 per cent. Depreciation	220	-	-			
				1980	-	-
Horses, Carts, and Rolling Stock.						
On 1st January, 1924	214	10	6			
Less Depreciation	20	-	-			
				194	10	6
Freehold Premises.				6000	-	-
Warehouse and Office Fittings and Furniture.						
1st January, 1924	150	-	-			
Less 5 per cent Depreciation	7	10	-			
				142	10	-
Goodwill on 1st January, 1924	1000	-	-			
Less 25 per cent Depreciation	250	-	-			
				750	-	-
Insurance prepaid				30	-	-
				£21633	7	4

DAVY BROTHERS, Limited, SHEFFIELD. Balance Sheet on 30th April, 1909.

CAPITAL AND LIABILITIES.

				£	s.	d.
CAPITAL AUTHORISED—						
3000 Ordinary Shares of £35 each nominal value				105000		
60000 Five per cent. Cumulative Preference Shares of £1 each nominal value				60000		
				£165000		
CAPITAL ISSUED—						
3000 Ordinary Shares on each of which £30 has been paid			£90000			
32216 Preference Shares on each of which 20/- has been paid			32216			
				122216	-	-
Debentures				30000	-	-
Mortgage				6400	-	-
Sundry Creditors				14013	9	11
PROFIT & LOSS ACCOUNT—						
Balance as per last Balance Sheet		13410 18 9				
Less Dividend July, 1908	5230 8 -					
Appropriated to Plant and Machinery	7500 - -	12730 8 -				
Balance brought forward			680 10 9			
Add Gross Profit for year ended 30th April, 1909		10760 7 3				
Less Interest on Mortgage and other Loans	1594 4 10					
Depreciation	1991 16 4	3586 1 2	7174 6 1			
			7854 16 10			
Less Interim Dividend on Preference Shares paid 1st Feb., 1909			730 8 -	7124	8	10
			£	179753	18	9

ASSETS.

			£	s.	d.
Land (Freehold) and Buildings, Fixed Plant and Machinery—					
As per last Balance Sheet	108394 7 10				
Less Appropriation from Profit & Loss Account, 1908	7500 - -				
	100894 7 10				
Additions to Plant during the year	8240 12 1				
	109134 19 11				
Less Depreciation	1400 - -		107734	19	11
Loose Plant & Tools, Patterns, &c.—					
As per last Balance Sheet	27787 2 3				
Added during the year	104 16 4				
	27891 18 7				
Less Depreciation	591 16 4		27300	2	3
Patents and Patent Rights			1000	-	-
Stock-in-Trade	10739 7 3				
Work in Progress	7679 1 4				
Less Instalments received in respect of same	1500 - -	6179 1 4	16918	8	7
Sundry Debtors—					
Less Reserve for Bad Debts and Allowances			26635	8	-
Cash in hand			165	-	-
		£	179753	18	9

Balance Sheet of the London County Banking Company, Limited, 31st December, 1926.

LIABILITIES.	£	£	ASSETS.	£	£
Capital subscribed £8000000 paid up		2000000	**Cash** in hand and at Bank of England	£8274042	
Reserve Fund		1550000	Loans at call and short notice	2829890	11103932
Current and Deposit A/cs., with Interest accrued, circular notes, &c.		44474574	**Investments,** viz. :—		
Acceptances		1564638	Consols and other British Securities (of which £370630 Consols is lodged for Public Accounts)	7204905	
Rebate on bills not due carried to next A/c.		31803	India Government Stock, Guaranteed Railway Stocks and Debentures	1083632	
Net Profit for the half-year, after making provision for doubtful debts	£291905		Metropolitan and other Corporation Stocks, Railway Debentures and Colonial Bonds	1917827	
Transferred to premises account	25000		Other Securities	6716	10213080
	266905			7590062	
Carried to Reserve Fund	50000		Discounted Bills of Exchange current		
	216905		Advances to Customers	18901478	26491540
P/L. balance b/f. from last a/c.	89957	306862	Liabilities of Customers for Acceptances as per contra		1564638
			Bank Premises in London and country	579687	
			Less amount transferred from P. & L. A/c.	25000	554687
	£	49927877		£	49927877

Dr. Profit & Loss A/c. for the half-year ending 31st December, 1926. Cr.

	£	£		£
To Interest paid to Customers		135466	By Balance b/f. from last a/c.	89957
„ Salaries and all other expenses including income tax on profits and salaries, auditors' and directors' remuneration		295760	„ Gross Profit for the half-year, after making provision for doubtful debts and including rebate £27281 17s. 6d., brought from 30th June last	754934
„ Rebate on bills not due, carried to new a/c.		31803		
„ Transferred to Premises A/c.		25000		
Carried to Reserve Fund		50000		
Dividend 10% for the half-year	£200000			
Bonus 1%	20000			
Balance carried forward	86862	306862		
	£	844891		£ 844891

239. ERRORS, their Discovery and Rectification. If the **totals** of the **Trial Balance** should disagree you must first of all carefully recast them in order to satisfy yourself that the error is not in the totalling. Then compare each item in the T.B. with the respective totals or balances, some of which you may have omitted to carry to the T.B., or placed in the wrong column thereof, or it may be that some of the totals or balances are themselves incorrect. If still undiscovered ascertain the *difference* existing, and look carefully through the Journal for that amount, or the half of it, and if detected, confirm it by reference to the Ledger posting. If your search proves unsuccessful you must then check each posting until the error be found. You may have omitted to post an item, or have transposed or misplaced the figures, *i.e.*, £1 18 4 as £11 8 4. The value of stock must never be credited before the T.B. is arranged, as it would create a disagreement between the two columns. The T.B. will not reveal such errors as (*a*) posting an amount to the *wrong A/c.* (*b*) omitting to post *two* equal sums to both sides of the Ledger.

240. ERRORS in JOURNALISING, if discovered before posting, may be ruled through, and a fresh entry made. Should, however, an incorrect entry have been posted, it will be necessary to make a compensating entry in the Journal to remedy the defect. The following are a few examples of errors, each followed by its rectifying Journal entry :—

1. "E Bate Dr. to A. Field, £50," instead of £150.
   E. Bate Dr. To A. Field, £100.
2. "Bank Dr. to I. Kay, £300," instead of J. Kay.
   I. Kay Dr. To J. Kay, £300.
3. "T. Smith Dr. to Goods £20," instead of Bank Dr. to Goods. *Bank Dr. To T. Smith,* £20.
4. "Cash Dr. to Bank, £100," instead of Bank Dr. to Cash. *Bank Dr. To Cash,* £200.
5. "Cloth Dr. to A. Cook, £50," instead of Cloth Dr. £150, to Cook & Co., £50, and A. Cook, £100.
   Cloth Dr. £100, *To Cook & Co.*, £50, *and A. Cook,* £50.
6. "B. Gott, Dr. to Bank, £35," instead of Bank Dr. to B. Gott, £3 5 -. *Bank Dr. To B. Gott,* £38 5 -.
7. "Brook Bros., Dr. To Goods, £380," instead of Brook Bros., £300, and Brooks & Co., £80 Dr. To Goods, *Brooks & Co., Dr. To Brook Bros.*, £80.

241. ERRORS in POSTING must be rectified by transfer entries which must be passed through the Journal. The compensating Journal entry is given after each of the following examples of mis-postings.

1. Posted £50 to the Cr. side of A. Hart's a/c. instead of the Cr. side of T. Sterne's a/c.
   A. Hart Dr. To T. Sterne, £50.
2. Posted £10 to the Cr. side of Goods a/c., and the Dr. side of F. Day's a/c., instead of the Dr. side of Goods a/c. and Cr. side of F. Day's a/c.
   Goods Dr. To F. Day, £20.
3. Posted T. Flint Dr. to Bank, £50 to both a/cs., instead of £56. *T. Flint Dr. To Bank,* £6.

242. LEDGERS being for **postings only** from the *Books of Original Entry,* no entry must be made therein without having been first entered either in the Cash or one of the subsidiary books. When this rule is violated the original entry in the Ledger is known as a "Blind Entry." In extensive concerns it is found necessary to keep the Ledgers in parts or sections on account of the impossibility for one Book-keeper to post all the transactions, and the inconvenience that would arise from having to handle an otherwise large and cumbrous book. Ledgers are primarily divided into three :—**(1) Credit** or **Purchases** or **Bought Ledger; (2) Debit** or **Sales** or **Customers' Ledger; (3) Impersonal** or **General Ledger.** In very large establishments the first two are further divided into London and Country, Home and Foreign, and District or Travellers' Ledgers, each one being kept by a different Book-keeper, who makes out his own Statements, and checks those coming in from other firms relating to his own department. The Debtors' and Creditors' Ledgers are, of course, posted daily. The Impersonal or General Ledger is for recording all a/cs. except personal a/cs. and cash or bank, and is often kept by a member of the firm, the postings being made monthly. The **Impersonal Ledger** may be divided into two books—**General** and **Private**—the former containing all the subsidiary P. & L. A/cs. and the latter being reserved for the Capital, Trading, P. & L. A/cs. and B/S. only. In the case of **Banks,** the a/cs. of the customers are contained in a large number of Ledgers, each of which is allotted to one or more letters of the alphabet, *e.g.* :—A to C; D to G; H to L; M to O; P to S; T to Z.

243. When **SECTIONAL LEDGERS** are thus employed they should be made **Self-balancing,** *i.e.*, balance in themselves without the aid of any other book; contain within themselves a complete T.B. The special **advantages** of Self–Balancing Ledgers are in reducing the risk of compensating errors remaining undetected; in being able to localise errors to any one particular Ledger, in helping to prevent or detect fraud on the part of one of the Book–keepers; in other words, to verify the accuracy of each Ledger separately. The Purchases and Sales Ledgers, which always contain the greater number of accounts, should be balanced separately at least once every month, so as to avoid having to check a large number of postings in case of an error. **Exercise 28,** pages 124–6, is taken for the purpose of illustrating this subject. The Journal, Purchases. Sales, and Cash Books require to be entered in the usual way, plus, *three extra cash columns* in the Journal and on each side of the Cash Book, headed "Purchases Ledger," "Sales Ledger," "General Ledger," although some Book–keepers might prefer to dissect or summarise the various entries similar to the Sales Book on page 92, and thus dispense with the extra columns suggested. **Post** the following accounts to the **Purchases** or **Bought Ledger:** J. Morrison & Sons, Robertson & Cooper, D. Byer & Sons, Glasgow Aniline Co., Rennie & Sons, A. Millar; to the **Sales Ledger:** Leslie & Co., Gordon & Jackson, Macdonald & Co., Borthwick & Stewart, Baird & Sons, Henderson & Linton, Boyd & Nesbit; the remainder of the accounts to the **General Ledger.**

244. If each Ledger is kept separately it follows that, in order to carry out the principle of double entry, certain Adjustments, or Reconciliation, or Balance A/cs. must be kept; for instance, all the items in the Purchases Book have been posted to the Cr. side of the personal a/cs. in the Purchases Ledger, and in order to complete the double entry the *total* of these purchases must be debited to an *Adjustment A/c.* in that Ledger and credited to the *Purchases Ledger Adjustment A/c.* in the General Ledger. This shows that for every item posted in the Departmental Ledgers there must be posted a contra or opposite entry to an Adjustment A/c.

these items being entered in totals for convenience. Thus every Ledger is made self-balancing by each Departmental Ledger containing a *General Ledger Adjustment A/c.*, and the General Ledger having an *Adjustment A/c.* for each Departmental Ledger.

245. In the **Purchases Ledger** open an account headed *General Ledger Adjustment A/c.*, and post to the **Dr.** side from the Purchases Ledger Column of the Journal the total of the opening entries, £1118 6 6, also the £18 5 9 for Stationery. The next items to be debited are the **totals** of the **Purchases Book:** Dyewoods £381 5 –; Colours £641 16 8. The Adjustment A/c. must now be *credited* with the **total** of the Purchases Ledger Column on the **Cr.** side of the **Cash Book** (including discount), £952 – 4. If there had been any goods returned or Bills accepted, the totals thereof would also have needed crediting. The **difference** between the two sides of this a/c. is £1207 13 7, which is the total of the balances of the Purchases Ledger, and agrees with the balance of the *Purchases Ledger Adjustment A/c.* in the General Ledger. As there is always a greater value of *credit* than debit balances in the Purchases Ledger, it follows that the Adjustment A/c. will always show a *debit balance.*

Dr. (Ex. 28) **General Ledger Adjustment A/c.** **Cr.**

1908		£	s.	d.	1908		£	s.	d.
Jan. 1	To Credit of Purchases Ledger...	1118	6	6	Jan. 31	By Cash Book total of Cr. entries.	921	-	-
„ 19	„ Journal (Stationery).....	18	5	9		„ Discount.....	31	-	4
„ 31	„ Sundries per Purchases Book—					„ Returns Book...	-	-	-
	Dyewoods ...	381	5	-		„ Bills Payable...	-	-	-
	Colours.....	641	16	8		„ *Balance c/d.* ...	1207	13	7
	£	2159	13	11		£	2159	13	11
Feb. 1	To Balance b/d.	1207	13	7					

246. In the **Sales Ledger** open an account headed *General Ledger Adjustment A/c.* and post to the **Cr.** side from the Sales Ledger Column of the Journal the total of the opening entries, £639 10 7, and *debit* the Bad Debt of £8 18 2. The next items to be credited are the **totals** of the **Sales Book:** Dyewoods £700 5 1, Colours £1666 16 1. This Adjustment A/c. must now

be *debited* with the **total** (less discount) of the Sales Ledger Column on the **Dr.** side of the **Cash Book** £999 3 4; also Discount £19 16 3. If there had been any goods returned or Bills received the totals thereof would have needed debiting. The **difference** between the two sides of this a/c. is £1978 14 –, which is the total of the balances of the Sales Ledger, and agrees with the balance of the *Sales Ledger Adjustment A/c.* in the General Ledger. As there is always a greater value of *debit* than credit balances in the Sales Ledger it follows that the Adjustment A/c. will always show a *credit* balance.

Dr. (Ex. 28) **General Ledger Adjustment A/c.** **Cr.**

1908		£	s.	d.	1908		£	s.	d.
Jan. 31	To Journal (Bad Debt)	8	18	2	Jan. 1	By Debit of Sales Ledger b/f.	639	10	7
,, ,,	,, Cash Book total of Dr. entries	999	3	4	,, 31	,, Sundries per Sales Book—			
,, ,,	,, Discount	19	16	3		Dyewoods	700	5	1
,, ,,	,, Returns Book	-	-	-		Colours	1666	16	1
,, ,,	,, Bills Receivable	-	-	-					
,, ,,	,, *Balance c/d.*	1978	14	-					
		£3006	11	9			£3006	11	9
					Feb. 1	By Balance b/d.	1978	14	-

In the **General Ledger** open the two following a/cs. :

Dr. **Purchases Ledger Adjustment A/c.** **Cr.**

1908		£	s.	d.	1908		£	s.	d.
Jan. 31	To Cash Book	921	-	-	Jan. 1	By Cr. of Purchases Ledger b/f.	1118	6	6
,, ,,	,, Discount	31	-	4	,, 19	,, Journal (Staty.)	18	5	9
,, ,,	,, Returns Book	-	-	-	,, 31	,, Sundries P.B.—			
,, ,,	,, Bills Payable	-	-	-		Dyewoods	381	5	-
,, ,,	,, *Balance c/d.*	1207	13	7		Colours	641	16	8
		£2159	18	11			£2159	13	11
					Feb. 1	By Balance b/d.	1207	13	7

Dr. **Sales Ledger Adjustment A/c.** **Cr.**

1908		£	s.	d.	1908		£	s.	d.
Jan. 1	To Debit of Sales Ledger b/f.	639	10	7	Jan. 31	By Journal (Bad Debt)	8	18	2
,, 31	,, Sundries per S.B.				,, ,,	,, Cash Book	999	3	4
	Dyewoods	700	5	1	,, ,,	,, Discount	19	16	3
	Colours	1666	16	1	,, ,,	,, Returns Book	-	-	-
					,, ,,	,, BillsReceivable	-	-	-
					,, ,,	,, *Balance c/d.*	1978	14	-
		£3006	11	9			£3006	11	9
Feb. 1	To Balance b/d.	1978	14	-					

247. From the above it will be seen that the Adjustment A/cs. in the Purchases and Sales Ledgers are identical with their respective Adjustment A/cs. in the General Ledger, except that the debits in one are credits in the other, and *vice versa*. Therefore, if the balances of these two a/cs. agree, the postings should be correct. The adjustment entries should, of course, be made through the Journal, similar to the following :—

On Proving Purchases Ledger. Ex. 28.

		Dr.			Cr.		
1908		£	s.	d.	£	s.	d.
Jan. 1	General Led. Adj. A/c.....Dr.	1118	6	6			
	To Purchases Led. Adj. A/c..				1118	6	6
	(Being Cr. Balances at commencement of month).						
,, 19	General Ledger Adj. A/c.....Dr.	18	5	9			
	To Purchases Led. Adj. A/c..				18	5	9
	(Being Purchase of Staty. from J.)						
,, 31	General Ledger Adj. A/c.....Dr.	1023	1	8			
	To Purchases Led. Adj. A/c..				1023	1	8
	(Being Purchases for month).						
,, 31	Purchases Led. Adj. A/c.....Dr.	921	-	-			
	To General Led. Adj. A/c....				921	-	-
	(Being Cash paid during month).						
,, 31	Purchases Led. Adj. A/c.....Dr.	31	-	4			
	To General Led. Adj. A/c....				31	-	4
	(Being Dis. allowed on payments).						

On Proving Sales Ledger. Ex. 28.

		£	s.	d.	£	s.	d.
1908							
Jan. 1	Sales Led. Adj. A/c.....Dr.	639	10	7			
	To General Led. Adj. A/c.....				639	10	7
	(Being Dr. Balances at commencement of month).						
,, 31	General Led. Adj. A/c.....Dr.	8	18	2			
	To Sales Led. Adj. A/c.....				8	18	2
	(Being Bad Debt from Journal).						
,, 31	Sales Led. Adj. A/.c.....Dr.	2367	1	2			
	To General Led. Adj. A/c.....				2367	1	2
	(Being Sales for month).						
,, 31	General Led. Adj. A/c.....Dr.	999	3	4			
	To Sales Led. Adj. A/c.....				999	3	4
	(Being Cash received during month)						
,, 31	General Led. Adj. A/c.....Dr.	19	16	3			
	To Sales Led. Adj. A/c.....				19	16	3
	(Being Discount allowed on receipts)						

Dr. **CASH BOOK.** **Exercise 28** (pages 124-6).

	RECEIPTS.	Led Fo.	Purchases Ledger.	Sales Ledger. £ s. d.	General Ledger.	Discount. £ s. d.	Office. £ s. d.	Bank. £ s. d.
1908								
Jan. 1	To Balance	b/f					87 16 8	500 - -
,, 6	,, Gordon & Jackson			84 16 5		2 2 5	82 14 -	
,, 7	,, Office							160 - -
,, 12	,, Bank						40 - -	
,, 20	,, Leslie & Co.			138 4 6		3 9 6		134 15 -
,, 21	,, Macdonald & Co.			216 9 8		5 8 8	211 1 -	
,, ,,	,, Borthwick & Stewart			101 12 3		2 10 3	99 2 -	
,, 22	,, Baird & Sons			117 15 5		2 18 5	114 17 -	
,, ,,	,, Bank						30 - -	
,, ,,	,, Henderson & Linton			133 7 -		3 7 -	130 - -	
,, ,,	,, Office							555 - -
,, ,,	,, Boyd & Nesbit			200 - -				200 - -
,, 26	,, Boyd & Nesbit			26 14 4			26 14 4	
			For receipt of Cash paid in excess to Creditor.		For receipt of Capital or Discounted B/E.			
				£1018 19 7		£19 16 3	£822 5 -	£1549 15 -
Feb. 1	To Balance	b/d					28 6 4	482 12 -

CASH BOOK. Exercise 28 (pages 124-6). Cr.

1908	PAYMENTS.	Led Fo.	Purchases Ledger. £ s. d.	Sales Ledger.	General Ledger. £ s. d.	Discount. £ s. d.	Office. £ s. d.	Bank. £ s. d.
Jan. 5	By Rennie & Sons		100 - -					100 - -
,, 7	,, Bank						160 - -	
,, 8	,, Office Furniture A/c.				6 10 -		6 10 -	
,, 10	,, Robertson & Cooper		220 - -			20 - -		200 - -
,, 12	,, Office							40 - -
,, 13	,, Wages A/c				11 12 -		11 12 -	
,, 15	,, Rennie & Sons		281 5 -					281 5 -
,, ,,	,, Horse Corn				3 8 6		3 8 6	
,, 18	,, Carriage A/c				8 5 6		8 5 6	
,, ,,	,, Glasgow Aniline Co.		153 16 9			7 13 9		146 3 -
,, 20	,, Robert Inglis (Drawings A/c.)				15 - -		15 - -	
,, 21	,, Repairs				3 8 6		3 8 6	
,, ,,	,, Morrison & Sons		178 12 10			2 9 10		176 3 -
,, 22	,, Office							30 - -
,, ,,	,, Repairs				6 18 6		6 18 6	
,, ,,	,, Bank						555 - -	
,, 24	,, Wages A/c				22 5 8		22 5 8	
,, ,,	,, Rent				25 - -			25 - -
,, 25	,, Wilson Glennie (Drawings A/c.)				20 - -			20 - -
,, ,,	,, Alexander Millar		18 5 9			- 16 9		17 9 -
,, 28	,, Insurance				1 10 -		1 10 -	
,, 29	,, Robert Inglis (Drawings A/c.)				20 - -			20 - -
,, 31	,, Trade Expenses A/c.				11 3 -			11 3 -
,, ,,	,, *Balances*	*c/d*					28 6 4	482 13 -
			£952 - 4		£155 1 8	£31 - 4	£822 5 -	£1549 15 -

For Payment of Cash received in excess to Debtor.

Exercise 28 (pages 124-6).

Purchases Ledger Trial Balance.	**Dr.** £ s. d.	**Cr.** £ s. d.
Morrison & Sons		78 5 -
Robertson & Cooper		505 14 5
Byer & Sons		387 18 6
Glasgow Aniline Co.		235 15 8
Rennie & Sons		
Alexander Millar		
General Ledger Adjustment A/c.	1207 13 7	
	£1207 13 7	£1207 13 7

Sales Ledger Trial Balance.	**Dr.** £ s. d.	**Cr.** £ s. d.
Leslie & Co.	454 8 -	
Gordon & Jackson	703 16 4	
Macdonald & Co.	145 5 -	
Borthwick & Stewart		
Baird & Sons	261 1 2	
Henderson & Linton	414 3 6	
Boyd & Nesbit		
General Ledger Adjustment A/c.		1978 14 -
	£1978 14 -	£1978 14 -

General Ledger Trial Balance.	**Dr.** £ s. d.	**Cr.** £ s. d.
Robert Inglis, Capital A/c.		1330 6 6
Robert Inglis, Drawings A/c.	35 - -	
Wilson Glennie, Capital A/c.		1425 19 5
Wilson Glennie, Drawings A/c.	20 - -	
Dyewoods A/c.	761 18 4	
Colours A/c.	261 7 4	
Office Furniture A/c.	106 10 -	
Horses, Waggons, &c., A/c.	180 - -	
Wages A/c.	33 17 8	
Carriage A/c.	8 5 6	
Trade Expenses A/c.	69 14 3	
Bad Debts A/c.	8 18 2	
Purchases Ledger Adjustment A/c.		1207 13 7
Sales Ledger Adjustment A/c.	1978 14 -	
Cash A/c.	28 6 4	
Bank A/c.	482 12 -	
Discount A/c.		11 4 1
	£3975 3 7	£3975 3 7

248. There is, perhaps, nothing in the work of the book-keeper, particularly in a large business, which is

more tedious and laborious and causes such a waste of time as the periodical transfer of accounts from a full into a **new Ledger.** His attempt to allocate to each account the number of pages it is *expected* it will occupy is always more or less futile; reference to the index will generally show that a large number of the accounts have been moved into several different positions, thus making the allocation of an account by its folio somewhat difficult. With the view of avoiding this periodical transference of accounts and of economising generally in this matter, there are now being introduced what are known as **Perpetual Ledgers,** which consist either of (1) **loose leaves** bound together in the form of an ordinary book-wise letter-file, where a punched leaf may be inserted or extracted at will; or (2) **loose cards** kept in a drawer or tray, into which the cards are fastened by means of a rod passing through a slot in the bottom of the card. Both systems admit either of the alphabetical or numerical arrangement of the sheets and cards, or a combination of the two; and the advantages afforded by the adoption of either system may be stated as follows:—(1) Opening of new Ledgers dispensed with. (2) The position of an account *never changes.* (3) No blank leaves or cards. (4) The removal of "dead" or closed accounts and full sheets or cards to the "Closed A/c." division of the file. (5) The handling of "live" or current accounts only. (6) The greater facility with which the monthly Statements may be prepared. (7) Greater facility for auditing.

249. All Ledgers are **Indexed,** the method adopted varying with the extent and character of the business. In small offices an ordinary alphabetical index is used; in a larger Office each letter of the alphabet is treated in **vowel order,** *i.e.,* the names are entered in one of six columns (see appendix), according to the first vowel after the initial letter in the surname. In the largest counting houses the index, in addition to being arranged in vowel order, is classified into the counties or districts in which the debtors and creditors carry on business. In the case of a large book it is often an advantage to have the index made separate instead of being bound into the

book; or better still to adopt the modern system of **Card Indexing,** where a separate card, slotted into a tray, is used for each name. This system is not only most effective by reason of its handiness and elasticity, but it obviates the great labour involved in re-writing an index.

250. STOCK BOOK. As its name implies this book contains an **inventory** of the **merchant's goods** on hand. There must be two sides, one for goods purchased, and the other for goods sold. It is customary to enter the date of the transactions, and the quantity, class, price and total cost of the goods. The purchases side is particularly useful to the merchant, as it enables him to ascertain, readily, at what price he can sell in order to make a reasonable profit. This book is chiefly useful to the merchant who buys and sells the same kind of goods. The manufacturer who produces goods would have no use for such a book. He would, however, keep a

251. WAREHOUSE BOOK (W.B.) which would contain full particulars of the **manufactured articles.** This book presents to the manufacturer in a concise manner his **saleable stock,** and thereby assists him in regulating the output of his production. The goods received into the warehouse would be entered on one side and the goods sent out on the other. The form of the entries must, of course, vary with the nature of the business.

252. WAGES. Contract A/cs. must only be debited with such wages as directly increase the cost of production. Wages paid for tanning hides are **productive,** as the leather is worth more than the raw hides. Wages paid to the stone-mason are productive, as the dressed stone is more valuable than the block just quarried. In such cases the Tanner would debit his Trading A/c. and the Builder his Contract A/c. Wages paid to clerks and book-keepers, however, are not directly productive, and should generally be debited to the P. & L. A/c. as a charge against the entire business. Should a clerk, however, be *exclusively* engaged, say, in keeping the books and acting as cashier on a large contract, then you would debit such contract with his salary.

253. WAGES BOOK. This subsidiary book contains full particulars of each amount paid for wages. At least five columns are required, the first two being for the number and name of the employee, the third for the number of hours worked, the fourth for the rate of payment, and the fifth for the amount paid. Columns 3, 4, and 5 may be repeated on the same folio for as many weeks as the pages will admit of rulings, thereby saving the frequent rewriting of the names. The weekly total is, of course, entered in the Cash Book, and from there posted to the Wages A/c. in the Ledger. In the case of a departmental business either a separate W/B., or separate columns would be kept for each department, or a summary would be prepared of the general W/B. and each department debited with its proper share. The contributions payable under the **National Insurance Act** may be entered in the Wages Book by the adoption of suitable rulings similar to the second example below.

SIMPLE WAGES BOOK.

No.	Name.	*July 20*						*July 27*						*Aug. 3*					
		No. of Hrs	Rte	£	s.	d.		No. of Hrs	Rte	£	s.	d.		No. of Hrs	Rte	£	s.	d.	
1	Brown, Chas..	42	2/-	4	4	-		40	2/-	4	-	-		35	2/-	3	10	-	
2	Day, James ..	40	2/-	4	-	-		38	2/-	3	16	4		40	2/-	4	-	-	
3	Sykes, Bill....	35	1/6	2	12	6		48	1/6	3	12	-		48	1/6	3	12	-	
4	Hoyle, John ..	46	1/6	3	9	-		48	1/6	3	12	-		56	1/6	4	4	-	

WAGES and INSURANCE BOOK.

No.	Name.	No. of Hrs	Rte	Full Wages.			Deductions from Wages for Insurance.						Net Wages.			Employer's Contributi'ns			
							Health			Unemployment.						Health		Unemployment.	
				£	s.	d.	s.		d.	s.		d.	£	s.	d.	s.	d.	s.	d.
1	Brown, C.	42	2/-	4	4	-	-	5		-	9		4	2	10	-	5	-	10
2	Day, J...	40	2/-	4	-	-	-	5		-	9		3	18	10	-	5	-	10

EXAMINATIONS IN BOOK-KEEPING.

254. Book-keeping is one of the subjects specified by the **Universities** of London, Edinburgh, Birmingham, and Manchester in connection with the examinations for the degrees of B.Sc. (Economics), or Bachelor of Commerce; also in the Examination Syllabuses of the following societies :—**The Institute of Chartered Accountants** (*Moorgate Place, London, E.C. 2*), **The Society of Incorporated Accountants and Auditors** (*50 Gresham Street, Bank, London, E.C. 2*), **Chartered Accountants of Scotland** (*General Examining Board, 23 St. Andrew Square, Edinburgh*), **The Institute of Chartered Accountants in Ireland** (*4 College Green, Dublin*), **The Institute of Municipal Treasurers and Accountants** (Incorporated) (*Town Hall, Kensington, London, W.*), **The Institute of Poor Law Accountants, Ltd.** (*134a Durham Road, Cottenham Park, London, S.W. 20*), **The Corporation of Accountants, Ltd.** (*55 West Regent Street, Glasgow*), **The London Association of Accountants, Ltd.** (*50 Bedford Square, London, W.C. 1*), **The Institution of Certified Public Accountants, Ltd.** (*Coventry House, South Place, Finsbury, London, E.C. 2*), The **Institute** of **Cost** and **Works Accountants** (*38 Grosvenor Gardens, Victoria, London, S.W. 1*), **The Institute of Actuaries** (*Staple Inn Hall, Holborn, London, W.C. 1*), **The Chartered Institute of Secretaries** (*59a London Wall, London, E.C. 2*), **The Secretaries' Association, Ltd.** (*70a Basinghall Street, London, E.C. 2*), **The Surveyors' Institution** (*12 Great George Street, Westminster, London, S.W. 1*), **The Auctioneers' Institute of the U.K.** (Incorporated), (*34 Russell Square, London, W.C. 1*), **The Incorporated Law Society** (Solicitors' Inter. Exam.) (*113 Chancery Lane, London, W.C. 2*), **The Institute of Certificated Grocers** (*4 Cullum Street, London, E.C. 3*), **National Association of Local Government Officers** (*24 Bloomsbury Square, London, W.C. 1*).

255. This textbook, which contains many **Examination Papers** set by some of the above Societies, covers the whole of the work specified by their respective

syllabuses. In addition to the above *special* bodies, at whose examinations only those who are *articled* or otherwise *specially qualified* are permitted to sit, there are the following **public examining bodies,** at whose examinations anyone may sit on payment of the necessary fees (if any) to the Secretary of the local examining centre :—The Royal Society of Arts; The London Chamber of Commerce; The National Union of Teachers; The Lancashire & Cheshire Union of Institutes; The Union of Educational Institutions; **The Faculty of Teachers in Commerce** (*A. James, 110 Portland Road, Edgbaston, Birmingham*); The **Central Welsh Board** (*Cardiff*); The University of **Oxford** (*Merton Street, Oxford*), held in July; and the University of **Cambridge** (*Syndicate Buildings, Cambridge*), held in July and December. The **Local Examinations** held by the two Universities, as well as the Examination of the **College of Preceptors** (*Bloomsbury Square, London, W.C. 1*), are chiefly patronised by Grammar Schools. The subject of Book-keeping cannot be taken alone, being one of the optional subjects required on taking the Certificate of the College, the exams. being held in June and December. In **Civil Service** (*C.S. Commissioners, Burlington Gardens, London, W. 1*) examinations, book-keeping is an optional subject for Second Division Clerkships, and compulsory for Customs' Outport Clerkships, Assistant Surveyor of Taxes, and others; the examination papers set being amply covered by working to the chapter on Company A/cs.

256. The Royal Society of Arts examinations are held about March and May each year, and the results are announced about August. The **Elementary** or *Stage I.* Examination, for which the entrance fee is 2/6, is an easy test, and is well covered by the first 147 pages of this textbook. An Exercise is set in writing up simple transactions into the Subsidiary books, posting to the Ledger, and extracting a T.B. Questions must be answered relative to simple business terms and abbreviations, and on the use of business Forms, Invoices, Statements, Bank Notes, Cheques, Bills of Exchange.

and Receipts; Order, Postage, Petty Cash, Cash, Stock, Purchases and Sales Books. To gain a Certificate 50% of the total marks must be obtained. **Intermediate** or *Stage II.* is covered by working to Exercise 100; and the **Advanced** or *Stage III.* by studying the remainder of the complete book. The entrance fee of 3/6 for the Intermediate Stage, and 4/– for the Advanced Stage, must be paid in February or April to the Secretary of the centre where you intend sitting. A copy of the Society's Syllabus is issued in September each year, and may be had from the *Secretary*, 18 *John Street, Adelphi, London, W.C. 2*, for 4d., post free. First and Second Class Certificates are awarded; the minimum percentage of marks required for Stage II. being 70 and 40 respectively; and for Stage III. 75 and 50 respectively.

257. The Examination Paper of **Stage II.** of the **R.S.A.** (of which Exercises 69 to 69*i* are examples) is divided into two sections: Questions and Exercises. Candidates may answer *one question* but not both. Both exercises are required of all candidates, who must be prepared to answer questions as to the meaning of mercantile terms, and as to the nature and use of the books of account usually kept by mercantile or manufacturing enterprises, including Limited Companies; and to work exercises upon the principle of double entry, involving the use of Subsidiary Books, and the preparation of Trading, P. & L. A/cs., and B/S. Specially **ruled paper** is supplied, the pages having printed headings and allocated as follows:—(1) Answer to question; (2) Sales Book; (3) Cash Book, two pages; (4) Purchases Book; (5) Journal; (6) Ledger A/cs., each headed "Dr." and "Cr." and numbered up to 28; (7) Trial Balance; (8) Trading and Profit & Loss A/cs. for Ex. 2; (9) Balance Sheet for Ex. 2.

258. All the exam. papers set for **Stage III.** of **R.S.A.** will be found among the papers at the end of the exercises. The **Advanced** syllabus states that candidates must be prepared to work an exercise and also *answer*

questions (not work exercises) upon :—(1) The uses, forms, and rulings of books employed in different enterprises, whether wholesale or retail, merchant, manufacturing or financial; and whether governed by private trading agreements, by the Companies' Acts, or by special Acts of Parliament. (2) The statistical books and registers of limited and other companies—their rulings, uses and methods of keeping. (3) The methods of keeping and presenting A/cs. (including branch and departmental a/cs.) of private partnerships (including the adjustment of accounts as between partners) and public companies however constituted including the columnar or tabular system and the sectional system of self-balancing ledgers. (4) Foreign currencies and their record in books of a/c. (5) Income Tax.

259. Adequate and excellent **Keys** to **Stages 1, 2,** and **3** of the Examination Papers of the Royal Society of Arts, may be had from *Mr. Arthur Fieldhouse, 66 Trinity Street, Huddersfield,* at **1/1 each,** post free, for cash with order only. These models should be studied by every candidate.

260. As will be seen from the exam. papers given at the end of the exercises the subjects of **Accounting** and **Banking,** which are Stage III. subjects of the R.S.A., are practically covered by a careful study of the *whole* of the complete textbook, and should not be taken until Book-keeping has been thoroughly mastered.

261. The London Chamber of Commerce examinations are held four times a year, the principal one about May, the results being announced about the end of July. They are divided into *Junior* and *Senior,* the entrance fees being respectively 2/6 and 5/-. The *Junior* examination is equivalent to Stage II. of the Society of Arts, and is therefore covered by working those Examination Papers. The *Senior* is equivalent to Stage III. of the Society of Arts, and requires a careful study of the Complete book. The L.C.C. also

hold exams. for Teachers' Diplomas, the same papers being set as for the *Senior* with additional questions for those desirous of taking the diploma. Candidates are required to answer both the ordinary and additional questions, and obtain a higher percentage of marks for a "Pass" or for "Distinction" than is expected for the senior Certificate. A copy of the Syllabus, issued in October, may be had from the *Secretary, 1 Oxford Court, Cannon Street, London, E.C. 4,* at 4d. post free. **Adequate Keys** to **L.C.C.** Junior and Senior Exam. Papers for *May* only may be had from *Mr. Arthur Fieldhouse, 66 Trinity Street, Huddersfield, Yorks., for cash* only at **1/1 each,** post free.

262. The exams. held by the **National Union of Teachers** in March or April, cover the usual three stages, the entrance fees for London and the Provinces being respectively 3/– and 2/– Elementary; 3/6 and 2/6 Intermediate and Advanced. External candidates, not entered by a school, pay a fee of 4/– in London, and 3/– in the Provinces. The Syllabus may be obtained from the *Secretary, Hamilton House, Mabledon Place, London, W.C.* 1, for 3d. post free.

263. The Lancashire & Cheshire Union of Institutes also holds examinations every March in all the three Stages, every item in the Syllabus being covered by this book. The entrance fee is 10d. in respect of students of the affiliated institutes: for external students 2/6. A Syllabus may be obtained (post free 9d.) from the *Secretary, 33 Blackfriars Street, Manchester.* The results are generally announced about the end of June. The marks on the Examination Papers are apportioned as follows:—*Junior*: theory 15, practical a/cs. 85 *Senior*: theory 25, practical a/cs. 75.

264. The **Union** of **Educational Institutions** holds an examination in the Elementary and Intermediate Stages, in March or April each year, the fees being 1/- for internal and 1/6 for external candidates, payable the

last week in February. First-class certificates are awarded to those securing 75% of marks, and a second-class for 50 marks and upwards. A Syllabus may be obtained from the Secretary, *Mr. A. P. Dent, 174 Corporation Street, Birmingham,* at 1/3 post free.

The **East Midland Educational Union** holds examinations in all the three stages in Spring. Syllabus from the Secretary, *52 Shakespeare Street, Nottingham,* at 1/- post free.

265. Success at the **Examination** depends upon knowledge, accuracy, dexterity, and style. Reliable **knowledge** is only to be acquired by *methodical* and painstaking work, which alone can result in obtaining a *real grasp* of the principles and practice of accounts. The work done at a class which meets but once a week is insufficient to ensure a trustworthy acquaintance with the subject, unless it is supplemented by considerable **homework.** Between the class meetings, in addition to preparing exercises, carefully study those portions of the textbook under review, and upon matters not thoroughly understood, write out questions for the teacher to answer at the following class. Practice answering questions *in writing,* as this cultivates precision, and impresses the mind more thoroughly than mere verbal answers.

266. Accuracy is only attainable by undivided attention, by concentration of mind upon the particular work in hand. Inaccuracies often arise through general slovenliness, bad figuring, and the desire to work too rapidly, the result being a waste of both time and energy. Many failures are attributable to arithmetical errors alone. While it is possible for the most precise book-keeper to make a mistake it is a well-known fact that those who are in the *habit* of committing errors are those who allow their minds to wander and their attention to be diverted to matters which do not concern the duty of the moment. Concentration and carefulness must be cultivated when dealing with figures and problems in accounts if accuracy is to be secured.

267. Dexterity in the manipulation of exercises and examination papers can only be achieved by *methodical*

and *persistent practice.* Fitful work is of little avail; excellent methods at least double one's capacity for dispatching work. Mere reading of the textbook is useless of itself in the solution of practical problems. It is possible to have a profound knowledge of the mechanism of a typewriter, and yet, by reason of not having operated the machine, be quite unable to type even a short letter. Book-keeping is not only a science—systematised knowledge, it is also an art—skill in using knowledge; and skill in accounts may only be acquired by *methodical and assiduous practice.* No student should enter himself for an examination unless he has worked numerous exercises in general Book-keeping. familiarising himself with recording all kinds of transactions, plus at least 5 (preferably 25) examination papers set by the particular examining body whose examination he is taking. This practice will enable the student to gauge the time necessary to devote to each part of the test paper when in the examination room.

268. Style is the topstone of excellence, the hall-mark of the superior worker. Although the foundation may be well and truly laid it must not be forgotten that it is the elegant superstructure which reveals the master mind; the delicate hand of the artist, who considers no detail too trivial to receive his concentrated attention. Without the inspiration of excellence there can be no real satisfaction and success. The desire to dispose of a great number of exercises must not be allowed to interfere with stylish work; *quality* always being more important than quantity. No subject lends itself more to the exercise of style, arrangement, display, and neatness, than Book-keeping. The various methods of setting out transactions in the books, as well as in the preparation of Trading and Profit & Loss A/cs. and B/S. should be carefully studied. A copy of one of the ample keys to the exam. papers of the Royal Society of Arts or the London Chamber of Commerce, by *Mr. Arthur Fieldhouse, 66 Trinity Street, Huddersfield, Yorks.*, is a useful guide as to setting and style.

269. Never **proceed** to an **examination** without first having seen at least one previous paper and mastered

the **Instructions to Candidates.** Non-compliance with instructions has caused hundreds to fail who might otherwise have succeeded. Immediately on receipt of the examination paper carefully read through the "Instructions" to see whether there has been any alteration from those of previous years. At most examinations **specially ruled paper** and blotting paper are supplied to each candidate, and the time allowed for the working of the paper is usually three hours. **Do not** read through the *whole* of the paper at the beginning, as this is liable to lead to mental confusion, and sometimes to dismay. Avoid reading any *optional* questions, and at once commence answering one which is *compulsory*. Let your answers be clear, concise, and set out in style, following the order of the questions. Most papers consist of questions and exercises, the latter being always compulsory. **Read through** *each* exercise or question before commencing its solution, and if necessary read it several times in order to *grasp* thoroughly its precise meaning. Always work the easier exercise first, and thus make sure of a "pass." In the Royal Society of Arts, Stage II., exercise 2 should be disposed of at once, as its successful working affords some degree of confidence in the remainder of the work.

270. Most examiners now require **practical** expositions in preference to the antiquated method of journalising every transaction. The **Journal** should only be used for recording transactions *outside* the scope of the other subsidiary books. In Stage II. of the Society of Arts, Exercise 1 should always be worked so as to display a knowledge of **modern business methods,** and the greatest practical skill in the setting out of the various transactions in their proper **subsidiary books.** Whenever possible the **columnar** or **tabular** system of Bookkeeping should be employed, even where there is only one item for each column. The exercise must be worked as though the candidate were actually engaged entering up the various books at the office desk; separate accounts being kept for **stock, purchases, sales, returns inwards, returns outwards,** carriage, wages,

salaries, discount, interest, insurance, rates and taxes, stationery, partners' drawings, &c., *no* Goods or P. & L. A/c. being opened. Trial balances should be composed of *balances* in preference to totals.

271. In **preparing Trading** and **Profit & Loss A/cs.,** care must be taken to distinguish between the items which should appear in each; while the classification or grouping of the items, both in the accounts and in the B/S. must receive attention. A mere list of Profit and Loss items and Assets and Liabilities is not sufficient; they should be displayed and grouped in a businesslike manner, and for this purpose the **sheets** sold by the **authors** (*P.O. Box A. 27, Huddersfield*) of this textbook, at 1/1 per set will be found very helpful. Remember that a P. & L. A/c. is compiled for a given *period*; while a B/S. is a schedule of balances on a certain *date.* Study pages 247 to 257. When the exercise is in the form of a T.B. first of all check the casting and when not in such form prepare a T.B., as it facilitates the work. Should a **doubtful point** arise deal with it in some way, and address an explanatory **footnote** to the examiner. Intelligence is always appreciated.

272. While one is familiar with the ordinary **Trial Balance,** followed or preceded by the usual adjustment items and stock, the candidate must nevertheless be on the alert against unusual methods of stating facts Sometimes the **Final Stock** is given as a **Dr. Balance,** having first been deducted from the Purchases, which are stated *net*; for instance, the Purchases may have totalled to £5000, and the Final Stock may be £600. In the Trial Balance these facts may be stated as *Purchases* £4400, *Stock* £600, the result being that in preparing the Trading A/c. care must be taken to *add the value of the Final Stock to the Purchases.*

Under **Credit Balances** in the T.B. there may be *Trading A/c.* £2160, thereby indicating that the Trading A/c. has been completed, showing on the *Dr. side,* opening Stock and Purchases (less returns), and on the *Cr. side,* Sales (less returns) and Final Stock. The

Credit balance of the Trading A/c. would, of course, require crediting to the P. & L. A/c., but the *final* Stock already having been credited, must only appear in the B/S.

Dr. **Trading A/c.** **Cr.**

1924		£	1924		£
Jan. 1	To Stock b/f.....	2000	Dec. 31	By Sales	6000
Dec. 31	„ Purchases	5000	„ „	„ STOCK c/f.	8160
„ „	„ *BALANCE carried to P. & L. A/c*.....	2160			
		£ 9160			£ 9160

273. Occasionally, the **Bad Debts** are stated among the adjustment entries, instead of being included in the T.B., and when this is the case it is clear that the amount of the Bad Debts has not been credited to the Sundry Debtors, consequently the Bad Debts not only require debiting to the P. & L. A/c., but must also be *deducted* from the total of Sundry Debtors.

274. Be at your place in the **examination room** at least ten minutes before the time, so as to hear the regulations read and fill up the necessary form containing name, age, institution, &c. To rush into the room on the stroke of time interferes with that self-possession and calmness which is so necessary to success. **Red ink** should be used for ruling off totals, when time permits, but certainly not until the exercises have been completed. Should you have a few minutes to spare spend it in **revising** your work, as a medal or prize may depend upon some little improvement effected in that way.

275. Criticism of **examination papers** and of the peculiarities of examiners should be addressed to the examiners concerned, if at all, and not to the author of this work, who *cannot* reply to communications relative to the composition of papers over which he has no control. Copies of **R.S.A.** or **L.C.C. Exam. Papers** are 7d. each, post free, from *Arthur Fieldhouse.*

THE COLLEGE OF PRECEPTORS holds Preliminary, Junior and Senior Examinations in June and December of each year. The subject of Book-keeping cannot be taken alone, being one of the optional subjects required on taking the Certificate of the College. Further particulars may be had from the *Secretary, Bloomsbury Square, London, W.C. 1.*

College of Preceptors (*Preliminary, Midsummer,* 1913).

1. In the form of Cash Book provided, after properly heading each column, enter the following transactions :—1913.

May 1.	Commenced business with a Capital in cash	£5000	-	-
,, 2.	Paid into Bank	4500	-	-
,, 5.	Bought Goods for Cash	300	7	6
,, 9.	Bought Business Premises by Cheque	2000	-	-
,, 12.	Advanced to Petty Cash	5	-	-
,, 13.	Paid Fire Insurance Premium in Cash	3	10	
,, 16.	Cash Sales to date	178	12	6
,, 23.	Drew for self	25	-	-
,, 26.	Discounted at Bank Bill Receivable, £450; Dis.	9	10	-
,, 30.	Paid Wages and Expenses in Cash	15	5	-
	Balance the book.			

2. Explain the meaning of any five of the following terms and abbreviations :—B/R., Bank Deposit, F.O.B., Crossed Cheque. P/N., Ante-dating, Trade Discount, Cash Discount, C.I.F.

3. Journalise the following, post, balance, and close the Ledger :—On 1st May, 1913, Mark Mint had the following balances in his books :—Cash in hand £57 9 6, at Bank £433 10 -, Goods on hand £209 - 6, W. Ware (Cr.) £55. Capital A/c. to be calculated therefrom.

May 5.	Sold Goods to A. Adam for Cash	£27	9	6
,, 6.	Paid into Bank	50	-	-
,, 9.	Bought Goods of W. Ware	47	10	-
,, 12.	Remitted W. Ware by chq. £100; Dis. allowed	2	10	-
,, 15.	B. Binns bought Goods	87	5	6
,, 16.	B. Binns returned g'ds, & was given cred. note	12	5	6
,, 17.	Paid Wages to date	7	10	-
,, 19.	B. Binns offered composition of 10s. in £, which was accepted. Cheque received	37	10	-
	Balance of his a/c. written off as a bad debt...	37	10	-
,, 22.	Bought, at auction, 11 chests of Tea at 62s. per chest, for Cheque			
,, 26.	Pd. carr. and other expenses thereon in cash	1	2	-
,, 28.	Drew for Self, in Cash	5	-	-
,, 29.	,, ,, ,, Goods	1	10	-
,, 30.	Paid Expenses for month in Cash	8	5	9
	Stock on hand valued at £246 13 -.			

College of Preceptors (*Junior, Midsummer,* 1913).

1. Open the books with the usual Journal entries. **2.** Write up the Cash, Bank and Discount entries in the form of Cash Book provided. (*Note* :—All receipts are at once paid into the Bank, and all payments are made by cheque, unless otherwise stated). **3.** Enter the remaining transactions in the Purchases Book, Sales Book, and Journal. (*Or*, if you are unable to do this, use the Journal only). **4.** Post all the entries to the Ledger.

5. Ascertain, by means of a Profit & Loss A/c., the net gain or loss for the period. **6.** Compile a Balance Sheet. On May 1, 1913, A. H. Clark, cloth merchant, had the following Assets and Liabilities :—Cash in office £27 4 7, Cash at Bank £225 3 4, Business Premises (Leasehold) £800, Bills Receivable £400, C. Collins (Dr.) £75 9 8, Stock of Cloth £745 7 2, Bills Payable £200, S. Lord (Cr.) £382 10 7, Wages owing £10 2 6. Capital A/c. to be determined therefrom.

May 5.	Sold 13 rolls of cloth, 72 yards each, to C. Collins, at 6s. 8d. per yard			
,, 6.	Paid Wages owing, in cash	£10	2	6
,, 8.	Received Cheque £74 from C. Collins to settle his a/c. of last month	75	9	8
,, 9.	Bought 18 rolls of Beaver Cloth, 60 yds. each, from S. Lord, at 10s. 3d. per yard, and accepted his draft at 3 mos. in settlement			
,, 10.	Remitted S. Lord, by Cheque	200	-	-
,, 12.	Retired B/P. due this day (at Bank)	200	-	-
,, 15.	Sold for Cash, Cloth	212	4	2
,, 19.	C. Collins reported 2 bales of Cloth arrived damaged. Claimed on Rly. Co.	14	5	6
,, 20.	Sold to W. Corner 480 yards of blue serge at 4s. 1½d. per yard			
,, 26.	B/R. due this day met at Bank	250	-	-
,, 27.	Drew Cheque for Wages for month	21	5	-
	Paid Expenses, to date, in cash	7	2	1
,, 29.	Drew for self	20	-	-
,, 31.	Received from Rly. Co.	14	5	6
	Stock on hand valued at £787 13 -.			

7. What is petty cash? How it is usually dealt with, and what is meant by the Imprest system? **8.** What is the difference between a Promissory Note and an Acceptance? What is the rate of stamp duty on Bills of Exchange? **9.** Explain the meaning of any four of the following :—Ante-dating, C.I.F., Bill Dishonoured, Special Crossing, Trade Discount, Goodwill.

College of Preceptors (*Senior, Midsummer*, 1913).

1. Explain the meaning of the following terms :—Preference Share, Cumulative Preference Share, Ordinary Share, Nominal Capital, Calls paid in advance. **2.** On January 1, 1913, R. Rason owed W. Waite £125, and on Feb. 1 he was adjudicated bankrupt. His estate yielded a first dividend of 4s. 7d. in the £ on May 1 and a second and final dividend of 2s. 1d. in the £ on June 4. Show how the above transactions appear in W. Waite's books. **3.** On January 31, 1913, G. Dean buys from Keay & Co. 300 tons of coal at 8s. 3d. per ton at the pit mouth, and the next day hands them a cheque in payment less 2½% discount (allowed). On 5th Feb. he pays in cash 1s. 2d. per ton for carriage by rail and 9d. per ton for cartage to his yard. On Feb. 14, he sells all the coal to Wood & Co.

Leeds, at 12s. 6d. per ton, for which they accept his draft at 3 months, dated Feb. 17, payable at the London Bank, Ltd., Leeds, which is duly met at maturity. Journalise the above transactions in G. Dean's Books. Show by means of a ledger a/c. what profit or loss he made on the deal, after charging 10% on the prime cost of the coal for miscellaneous expenses. **4.** Draw the bill of exchange referred to in the preceding question, showing the value of the stamp thereon.

5. From the following prepare the Trading A/c., P. & L. A/c., and B/S. of Messrs. G. A. Smith and H. A. Smith, on equal terms, for the year ended April 30, 1913. (*a*) Allow 5% per annum Interest on Capital Accounts; (*b*) Write off Depreciation (i) 5% off Leasehold Premises, (ii) 10% off Machinery and Plant; (*c*) Make a provision of 5% on Sundry Debtors for Bad and Doubtful Debts; (*d*) Carry forward £25 of the Fire Insurance Premium to the following year. **Stock** on April 30th, 1913. valued at £10900.

Dr. Balances—	
Drawings A/c. (including int.) G. A. S.	£1045
Drawings A/c. (including int.) H. A. S.	1040
Purchases	15225
Trade Expenses	1470
Sundry Debtors	13420
Bills Receivable	200
Leasehold Premises	6100
Fire Insurance Premium	50
Rent, Rates and Taxes	804
Carriage (Inwards)	2958
Wages	9122
Stock, 1st May, 1912	10420
Dr. Balances continued—	
Interest and Discounts	£275
Bad Debts	135
Cash	71
Bank	1515
Salaries	750
Machinery and Plant	7400
Cr. Balances—	
Capital A/c.—G. A. Smith	8500
Capital A/c.—H. A. Smith	8000
Bills Payable	785
Sundry Creditors	14890
Loan A/c. (S. Lattery)	3000
Returns Outwards	525
Sales	36300

College of Preceptors (*Preliminary, Xmas*, 1913).

1. In the form of Cash Book provided, after properly heading each column, enter the following transactions :—1913.

Nov. 24.	Balance of Cash in Office	£71	-	-
,, 24.	Do. do. at Bank	362	12	6
,, 25.	Received Cheque from L. Lee and pd. it into Bank	50	-	-
,, 25.	Paid M. Muir by Cheque, £105; Discount allowed	1	13	6
,, 26.	Drew from Bank for Office use	25	-	-
,, 26.	Do. do. self	10	-	-
,, 27.	Met Bill payable due this day at Bank	250	-	-
,, 27.	L. Lee's Cheque returned dishonoured	50	-	-
,, 28.	Bought for Cash, Goods	83	4	2
,, 28.	Sold Goods and paid proceeds into Bank	127	7	6
,, 29.	Paid in Cash wages and expenses for week	7	5	10

2. Explain the meaning of not more than five of the following terms :—Gross Profit, Net Profit, Discount, Salaries and Wages, Debit, Credit, Interest on Capital. **3.** Journalise the following, post, balance and close the Ledger :—On October 1st, 1913, Isaac

Israels had the following balances in his books :—Cash in hand £83 7 6, Overdraft at Bank £294, Goods in stock £753 10 6, M. Moses (Dr.) £84 2 -, J. Joel (Cr.) £127. Capital A/c. to be calculated therefrom.

Oct. 3.	Sold Goods to M. Moses for Cash	£215	-	-
,, 6.	Bought Goods of J. Joel	94	7	10
,, 7.	Paid into Bank	200	-	-
,, 10.	M. Moses returned Goods as not to quality...	16	2	-
,, 13.	Sold same by auction, receiving Cash (net)...	13	8	-
,, 15.	Paid into business extra Capital	400	-	-
,, 16.	Paid J. Joel	216	-	-
	Being allowed Discount	5	7	10
,, 22.	Drew for self, in Cash	10	-	-
,, 23.	,, ,, Goods	5	5	-
,, 25.	M. Moses, becoming bankrupt, recd. a first and final dividend of 13s. 4d. in £, paid into Bank	45	6	8
	Bal. of his A/c. written off as a Bad Debt.			
,, 28.	Pd. Wages and Trade Exs. to date in Cash	13	4	6
,, 29.	Sold to S. Solomons, 17 cases of Goods at £7 13s. per case	130	1	-
,, 30.	Received Cheque for same, less Discount ...	5	1	-
	Stock on hand valued at £550 6 -.			

College of Preceptors (*Junior*, *Xmas*, 1913).

1. Open the books with the usual Journal entries. **2.** Write up the Cash, Bank and Discount entries in the form of Cash Book provided. (*Note.*—All receipts are at once paid into the Bank, and all payments are paid by cheque, unless otherwise stated). **3.** Enter the remaining transactions in the Purchases Book, Sales Book, and Journal. (*Or*, if you are unable to do this, use the Journal only). **4.** Post all the entries to the Ledger. **5.** Ascertain, by means of a P. & L. A/c., the net gain or loss for the period. **6.** Compile a B/S. On Nov. 1, 1913, F. Fairmaner bought the business of C. Coulton, paying him (by cheque) £1100, being £600 for stock of Oil, £150 for Fittings and Fixtures, £350 for the following book debts, guaranteed as good :—K. Kelly, £87 12 6; C. Clark, £103 7 6; B. Blake, £59; and for Goodwill.

Nov. 1.	Opened an a/c. at the National Bank, Ltd.	£2000	-	-
,, 1.	Paid C. Coulton on a/c. of business purchase, as above	1100	-	-
,, 3.	Advanced to Office Cash	50	-	-
,, 5.	Sold K. Kelly 500 gallons Petrol at 1s. 8d.			
,, 7.	Bought of Fine Oil Co., Ltd., 10,000 gallons Paraffin at 8d. per gallon, paying on a/c.	100	-	-
	Accepted their draft at 3 mos. for balance			
,, 11.	Received Cheque from C. Clark	103	7	6
,, 13.	Sold B. Blake 2000 gals. of Mixed Oils for	105	-	-

Nov. 14.	Clark's cheque returned dishonoured (notified Coulton)	£103	7	6
,, 19.	C. Coulton paid on a/c. of Clark	103	7	6
,, 21.	Received from B. Blake P/N.	164	-	-
,, 22.	Discounted same at Bank, receiving	161	10	-
,, 25.	Drew for self in Cash	10	-	-
,, 27.	Cash Sales to date—proceeds banked	153	13	-
,, 28.	Paid Wages and Expenses, to date	27	4	6
,, 29.	Rent accrued to date (one month at £168 per annum)	14	-	-
	Stock of Oils on hand valued at £633 - 4.			

7. Explain the meaning of not more than four of the following terms:—Insolvent, Liabilities, Credit Note, Debit Note, Impersonal Account, Voucher.

8. What is a Bank Pass Book? Does its balance on a certain date always agree with the bank balance as shown in the Cash Book of the firm? If not, what are the usual causes of the difference?

College of Preceptors (*Senior, Xmas*, 1913).

1. Show how the following transactions would appear in the Journal of Boyd, Leek & Co.:—On Sep. 1, 1913, they shipped Goods to S. Sauer, their agent in Cape Town, and sent therewith a *pro forma* invoice for £1096 (Goods £1,000, Freight £70, Insurance £26). On the same day they paid the freight and insurance. On Oct. 29, they received from S. Sauer an Account Sales, showing that he had sold part of the consignment for £750; and, deducting his expenses and commission, £45, he enclosed a draft at 3 months for the balance. On Nov. 17, they received another A/S. showing that the remainder of the consignment had realised £480, which, less £23 expenses and commission, Sauer remitted by a 3 months' draft, as before. Draw up the Ledger a/c. of the consignment referred to in the foregoing question, and show the net gain or loss through the transaction.

2. On Sep. 1, 1913, A. B. Cole paid £5000 into his Bank as commencing capital, and on the same day purchased the business of B. Williams for the sum of £4000, of which he paid £3000 down and gave a bill at three months for the balance. The assets and liabilities acquired were as follows:—Debtors, £1723 12s. 6d.; Creditors, £875; Bills Receivable, £800; Bills Payable £1000; Rent, wages, &c., due, £50 10s.; Insurance and rates paid in advance, £14 10s.; Fixtures and Fittings, £125; Motor Delivery Vans, £700; Stock of Goods, £2403 5s.; Stock of Stationery, £15 2s. 6d. Make the necessary opening entries in A. B. Cole's Journal.

3. On Dec. 1, 1913, Baker & Baker drew a bill on Lodge, Duff & Co. for £1550 at three months. This was duly accepted, payable at the National Safe Bank, Ltd., Head Office. Show the

above Bill as it would appear after acceptance, giving the value of the stamp thereon and the due date. **4.** Explain the meaning of not more than four of the following terms :—Sinking Fund, Reserve Fund, issued and paid up Capital, forfeited shares, reserve for discounts, reserve for bad debts, mortgage.

5. From the following prepare the Trading A/c., P. & L. A/c., and B/S., of Messrs. C. Chalmers and H. Hodgson, on equal terms, for the year ended Sep. 30, 1913. (*a*) Allow 5% per annum Interest on Capital a/cs.; (*b*) Charge 6% Depreciation of Machinery and Plant; (*c*) Make a provision of 5% on Sundry Debtors for Bad and Doubtful Debts; (*d*) Rent £24 and Taxes £15 were owing and must be passed through the a/cs. **Stock** on Sept. 30th, 1913, was valued at £2355.

Dr. Balances—		**Dr. Balances** continued—	
C. Chalmer's Drawings (& Int.)	£520	Debtors	£8240
H. Hodgson's Drawings (& Int.)	300	Bills Receivable	2500
Plant & Machinery	700	Bank	1020
Stock, Oct. 1, 1912	1050	Cash	175/10/-
Carriage Inwards	250	Insurance Stamps	4/10/-
Carriage Outwards	100	**Cr. Balances**—	
Wages, Manufacturing	1800	Chalmer's Cap. 1/10/12	4000
Salaries (of Office)	450	Hodgson's Cap. 1/10/12	2000
Purchases	5670	Sales	8390
Returns Inwards	225	Returns Outwards	350
Rent, Rates, Taxes & Insurance	365	Discounts Received	255
Coal, Coke, Gas & Water	425	Bad Debts Res. 1/10/12	400
Discount Allowed	300	Creditors	7350
Bad Debts written off	250	Bills Payable	1600

The **OXFORD LOCAL EXAMINATIONS** are held in July and December in each year, Book-keeping, which cannot be taken alone, being one of the optional subjects. The same paper was formerly set for both "Junior" and "Senior," but they are now quite different. "Juniors" and "Seniors" are both examined in July, but only the "Seniors" in December. Further particulars may be had from the *Secretary, Local Examination Offices, Merton Street, Oxford.*

Oxford Local (*Junior and Senior, July*, 1907).

On 1st Jan., 1906, I had a balance at my Bankers of £1250. I purchase a business for £1000, paying £500 by cheque and giving Bill at six months for balance. The purchase price is made up as follows :—Goodwill £600; Plant £250; Stock £150. The following are details of my sales and purchases for quarter ending 31st March :—*Sales* to :—Jan. 13. J. W. Potter £88 10 -; Jan. 27. F. Bullock £205 12 6; Feb. 19. Bond & Co. £565 2 2; Cash Sales for quarter £277 10 -. On 3rd March F. Bullock returned goods value £55, there being a mistake in the order. *Purchases* from :—Jan. 2. H. Perry £228 9 2; Jan. 31. J. H. Gardiner £100 8 4; Feb. 23. Dance & Co. £96 8 2; Mar. 21. H. Perry £215 12 6. Enter in Journal and Cash Book, post, take out T.B., prepare P. & L. A/c. and B/S.

Jan. 1.	Paid on a/c. purchase of business	£500	-	-
,, 3.	Drew Cheque for Petty Cash	25	-	-
,, 9.	Paid H. Perry by Cheque	228	9	2
,, 14.	Paid Carriage on goods by Cash	3	12	-
,, 16.	Recd. of Potter & Co., by Cheq. £86 5 6; Dis.	2	4	6
,, 28.	Received from F. Bullock by Cheque	150	12	6
,, 31.	Paid Wages by Cheque	84	8	-
	Paid into Bank for Cash Sales for month ...	66	10	-
Feb.20.	Received from Bond & Co., by Cheque	565	2	2
,, 28.	Paid Sundry small Repairs to Plant by Cash	8	-	-
,, 29.	Paid Wages by Cheque	84	8	-
,, 29.	Paid into Bank for Cash Sales for month ...	80	12	6
Mar.24.	Paid H. Perry by Cheque	215	12	6
,, 25.	Paid Rent for Quarter by Cheque	20	-	-
,, 31.	Paid Wages by Cheque	84	8	-
,, 31.	Paid into Bank for Cash Sales	130	7	6
	Paid Petty Expenses for Quarter	6	15	4

Stock on hand £77 19 4.

Oxford Local (*Junior and Senior, July,* 1908).

On 1st Jan., J. Reynold and C. Thompson enter into partnership. Their Capital is £750 and £500 respectively, which is placed to the Firm's credit at the Bank. They purchase the Lease of premises from Messrs. Salter for £150, paying £50 by cheque and giving a Bill at one month for the balance. Enter in Cash Book and Journal, post and prepare T.B., P. & L. A/c. and B/S. Write off £5 from Lease and 5% Depreciation off Plant, Fittings, &c.

Jan. 1.	Purchased Goods from: Chamberlain & Co. £270 10 6; Foster Bros. £80 8 -; R. Ferris £144 12 -; Brown & Son	£104	9	6
,, 3.	Pd. Sewell & Co., Cheq. for fitting premises	80	10	-
,, 5.	Purchased Motor Waggon, paid by Cheque	320	-	-
	Drawn from Bank for Petty Expenses	60	-	-
,, 12.	Paid Chamberlain & Co. by Cheque	100	-	-
,, 20.	Paid Foster Bros. by Cheque	80	8	-
,, 24.	Paid into Bank Cheque received from Mr. Roberts for Sales to him	144	12	6
,, 27.	Paid R. Ferris Cheque £140 19 8; Discount	3	12	4
,, 31.	Paid Wages for month by Cash	24	10	-
	Cash Sales for month	155	7	6
Feb. 2.	Purchased Goods from Chamberlain & Co. £323 2 6; from Brown & Son	326	17	6
,, 4.	Messrs. Salter's Bill duly met			
,, 12.	Paid Brown & Son by Cheque	104	9	6
	Paid Chamberlain & Co. by Cheque	170	10	6
,, 16.	Drawn from Bank for Petty Expenses	60	-	-
,, 28.	Paid Wages for month by Cash	25	10	-
	Paid into Bank, being Cash Sales for month	460	-	-

Mar. 2.	Sold Goods to Mr. Roberts	£125	- -
,, 3.	Purchased Goods from Chamberlain & Co. £260 10 - ; from Foster Bros.	119	10 -
,, 24.	Recd. of Mr. Roberts Cheque £118 15 - ; Dis.	6	5 -
,, 31.	Paid Rent for Quarter by Cash	25	- -
	Paid Wages for month by Cash	25	10 -
	Paid into Bank, being Cash Sales for month	441	- -
	Paid Petty Expenses for Quarter by Cash ...	111	10 -

The sum of £40 5 - was owing by customers at the end of Quarter for Sales. *Stock on hand* £628 8 2.

Oxford Local (*Junior and Senior, July,* 1912).

On Jan. 1, 1909, my Capital was £2000 in Cash, in the London and South Western Bank. On January 5 I paid Smith & Co. £1000 for the business of Smith & Co., Wine Merchants, as a going concern. The Assets and Liabilities I took over were as follows :—Stock in hand £500, Sundry Debtors £250, Bills Receivable £750, Fixed and Movable Plant £500, Trade Creditors £300, Bills Payable £700. Make the necessary Journal Entries to bring the above opening Balances into the Cash Book or Ledger as the case may be. (*a*) Write up all Cash and Bank transactions in Cash Book showing Cash, Bank, and Discount Columns. (*b*) Journalise all other entries to their respective Accounts. (*c*) Prepare Trial Balance. Transactions ending March 31, 1909 :—

Bought Goods from Gonzalez	£200	Payments from Bank :—	
,, ,, Xeris & Cie...	130	To Office	£50
,, ,, Pedro et fils...	300	To Bills Payable	700
,, ,, Xipante	190	To Creditors	300
Sold Goods to General Stores, Ld.	300	Gonzalez	190
,, ,, A. Bowen & Son.....	200	Discount allowed	10
,, ,, Smith, Johnson & Co.	300	Pedro et fils	280
,, ,, T. Brown & Sons ...	400	Discount allowed	20
,, ,, Corinth & Co.	100	Rent of Offices, &c.	50
Received Cash at Bank :—		Lighting	10
Bills Receivable	750	Insurance	5
From Office	45	Payments from Cash :—	
Sundry Debtors	250	Wages	45
Corinth & Co.	95	Office Expenses	10
Discount allowed	5	To Bank	45
Smith, Johnson & Co.	290	Received Bill Receivable from :—	
Discount allowed	10	T. Brown & Sons	400
Cash received at Office :—		Gave Bill Payable to :—	
Cash Sales	50	Xipante	190
From Bank	50	**Stock** at March 31st was £570.	

Oxford Local (*Junior, July,* 1913).

1. Enter the following transactions through their appropriate books. **2.** Post to Ledger. **3.** Take out Trial Balance. **4.** Prepare P. & L. A/c. and B/S. The Balance Sheet of Robert Seymour on 1st Jan., 1911, was as follows :—*Liabilities* : Wilson Graham £80, Herbert Wilson £260, Capital A/c. £3397. *Assets* : Thomas Gurney £65, Arthur Simpson £277, Fred H. Lowe, £715,

Cash in hand £40, Cash at Bank £650, Office Furniture & Fittings £115, Stock £1875. (*All Cheques received were paid into Bank same day*).

Jan. 2.	Purchased Goods from H. Wilson	£215	-	-
	Returned Goods to H. Wilson	7	10	-
	Sold Goods to T. Gurney	45	15	-
,, 3.	Received Cheque from Gurney £61 15; Dis.	3	5	-
,, 5.	Cash Sales	45	-	-
,, 7.	A. Simpson becomes a bankrupt and pays a first and final dividend of 10/- in the £. Recd. Cheque	138	10	-
,, 9.	Sold Goods to T. Gurney	67	10	-
,, 13.	Sold Goods to F. H. Lowe	515	-	-
,, 14.	Received Cheque from Lowe, £700; Dis.	15	-	-
,, 17.	Paid H. Wilson by cheque, £247; Discount	13	-	-
,, 18.	Paid Cash into Bank	50	-	-
	Withdrew from Bank for private use	20	-	-
,, 21.	Bought Office Furniture from Johnson & Co.	21	-	-
,, 28.	Cash Sales	51	16	-
,, 30.	Paid Cash into Bank	30	-	-
	Paid Cash Trade Expenses and Wages	45	-	-

Goods on hand £1650.

Oxford Local (*Senior, July*, 1913).

1. Enter the following transactions through their appropriate books. **2.** Post to Ledger. **3.** Take out Trial Balance. **4.** Prepare P. & L. A/c. and B/S. On the 1st Jan., 1913, Henry Thompson commenced business with the following balances :— *Assets* : Cash in hand £45 11 6, Cash at Bank £650 10 3, Stock-in-Trade £575 - -, Sundry Debtors : Thomas Wade £156 1 3, James Wilde, £104 12 6, Henry Brown, £50, Freehold Buildings, £1000, Fixtures & Fittings, £150. *Liabilities* :—Sundry Creditors : Harry Martin, £425, Alec Taylor, £116 5 9, Willson & Co., £146 16 8, Capital A/c., £2043 13 1.

Jan. 1.	Accepted H. Martin's draft at 1 mo. for his account less £10 12s. 6d. discount				
,, 2.	Bought Goods from H. Martin	£262	11	9
,, 3.	Sold Goods to James Wilde	105	7	6
,, 4.	Recd. from J. Wilde Bill at three months in full settlement of his account to date	210	-	-
,, 5.	Drew cheque for wages	25	-	-
,, 7.	Paid A. Taylor by Cheque to close account	110	-	-
,, 9.	Henry Brown fails and pays a first and final dividend of 10s. in the £, received cash...	25	-	-
,, 10.	Sold Goods to Samuel Johnson	45	10	-
,, 12.	Drew Cheque for Wages	25	-	-
,, 15.	Cash Sales	115	5	5
,, 16.	Thompson withdraws from Bank for private purposes	50	-	-
,, 17.	Paid Cash into Bank	85	-	-

Jan. 19.	Drew Cheque for Wages	£25	-	-
,, 21.	Sold Goods to S. Simpson	56	10	-
,, 22.	Received Simpson's Cheque; paid into Bank same day	56	10	-
,, 25.	Cheque from Simpson returned from Bank dishonoured			
,, 26.	Drew Cheque for Wages	25	-	-
,, 28.	Bought Goods from Arthur Spain	25	19	6
,, 29.	Paid Willson & Co., Cheque on account	100	-	-
,, 30.	Paid from Cash Stamps and Sundry Trade Expenses	15	4	3
,, 31.	Cash Sales	120	10	9
	Credit Interest on Capital at 5% per annum			
	Depreciate Fixtures & Fittings at 5% p.a.			
	Stock on hand £625.			

Oxford Local. (*Junior, July,* 1923.)

1. Enter the following transactions through their appropriate books. **2.** Post to Ledger. **3.** Take out T.B. **4.** Prepare P. & L. A/c. and B/S. On 1st March, 1922, A. Armitage started business with £70 3s. 5d. in cash; £650 15s. 4d. in Bank; Stock, £423 7s. 11d.; Machinery & Tools, £575. Find Armitage's Capital. Mar. 2. Purchased from the Consett Iron & Steel Co., 40 tons Iron Angles at 50s. 9d. per ton, 25 tons Iron Angles at 41s. 6d. per ton. Mar. 3. Paid carriage on above by cheque, £5 15s. 3d. Mar. 4. Sold to G. N. Smale & Co., 32 tons Iron Angles at 60s. 6d. per ton, 12 tons Iron Angles at 51s. per ton. Mar. 6. Purchased from Cleveland Iron Co., 50 tons Iron at 35s. 6d. per ton. Mar. 7. Sold to H. Smart & Co., 75 tons Iron at 42s. 6d. per ton. Mar. 9. Paid by cheque Consett's A/c., less 3¾% dis. Mar. 10. Recd. from G. N. Smale & Co., cheque for £75 on a/c. Mar. 13. Recd. a/c. for repairs to machinery from Phillips & Co., £25 12s. 6d. Mar. 18. Paid cheque on a/c. to Cleveland Iron Co., £30. Mar. 25. Drew cheque for Office Cash, £50. Mar. 31. Payments from Cash during month:—Stamps, £1 15s.; Stationery, £3 7s. 6d.; Wages, £75 12s. 6d.; Sundry Exs., £5 15s. 5d. Depreciate Machinery 10% per ann. Stock, £515 10s. 7d. N.B.—All moneys received were paid into Bank same day.

Answer.—*Gross Profit,* £136 15s. 8d.; *Net,* £19 16s. 8d.; *Total of B/S.,* £1823 10s. 10d.

Oxford Local. (*Senior School Certificate, July,* 1923.)

1. Enter the following transactions through their appropriate books. **2.** Post to Ledger. **3.** Take out T.B. **4.** Prepare P. & L. A/c. and B/S. On 1st Dec., 1921, P. Thompson took over the business of Lawrence & Son, Outfitters and Boot and Shoe Factors, paying therefor, by cheque, £1500 for Stock, £375 for Fixtures & Fittings, and £500 for Goodwill. Thompson paid into his bank £500 as working Capital. The following transactions took place during December:—**Invoices** were

received from :—Dudley's Ltd., for Boots & Shoes, £128 14s.; A. Blackburn & Co., Boys' suits, £80 15s. 4d.; Copestake & Co., Handkerchiefs, £38 11s. 3d.; F. C. Fry, Gloves & Hosiery, £120 11s. 6d. **Sales** were made to :—Eastham Union, Suits, &c., £115 12s. 11d.; Sundry Debtors, £912 7s. 7d. **Returns** from Sundry Debtors, £25 12s. 6d. **Cheques** were **received** from :—Eastham Union, for their a/c., less 2½% dis.; Sundry Debtors, £515; Cash Sales, £262 15s. 9d. **Cheques** were **drawn** for :—Dudley's A/c., less 3¾% dis.; A. Blackburn & Co.'s A/c., less 2½% dis.; Petty Cash, £100. **Petty Cash** payments :—Postages, £2 15s. 9d.; Carriage, £5 6s. 7d.; Salaries, £47 10s.; Rent, £12 10s.; Stationery, £17 18s. 5d. Depreciate Fixtures & Fittings 5% per ann. Stock, £875 15s. 3d. N.B.—All moneys received were paid at once into bank.

Answer.—*Gross Profit,* £272 6s. 11d.; *Net,* £188 14s.; *Total of B/S.,* £3222 16s. 9d.

Oxford Local. (*Senior School Certificate, July,* 1924.)

1. Pass the following transactions through their appropriate books. **2.** Post to Ledger. **3.** Take out T.B. **4.** Prepare P. & L. A/c. and B/S. Geo. Watson purchased from Wm. Smith the Assets, including the goodwill of his business, for which he paid £1500 for Stock, £250 for Furniture and Fittings, £250 for goodwill. He commenced business on 2nd July, 1923, opening an a/c. at Lloyds Bank with £1500, representing his working Capital. July 3. Sold goods to G. Anson, £215 5s. 4d. July 5. Recd. cheque from Anson on a/c., £100. Withdrew from bank for Petty Cash, £30. July 6. Sold goods to E. Storey, £114 4s. 6d. July 9. Received from E. Storey his acceptance at 2 mos. for amt. of a/c. less 3¾% dis. July 11. Bought goods from W. Watson, £57 9s. 11d. July 13. Returned goods to W. Watson. Sent him debit note for £7 9s. 11d. July 16. Consigned goods to W. Jones, Cardiff, £500, and pd. carriage on same by cheque, £11 3s. 3d. July 18. Drew on W. Jones at 1 mo. on a/c. of consignment, £250. July 21. Bought goods from E. Tompkins, £78 7s. 6d. July 23. Pd. W. Watson's a/c. by cheque, less 5% dis. July 25. Recd. cheque from G. Anson for bal. of his a/c., less 2½% allowed on goods sold 3rd July. July 31. Pd. from Petty Cash : Wages, £15. Sundry Exs., £9 11s. 7d. Pd. rent by cheque, £10. Recd. A/S. from W. Jones showing gross proceeds to date, £400. Recd. cheque from Jones for amt. due, less £12 12s. commission and exs. Depreciate Furniture 5% per ann. Credit int. on Capital at 5% per ann. Stock of goods, £850, on Consignment, £150 12s. 6d. N.B.—All cheques recd. were pd. into bank, and, unless otherwise stated, all payments were made by cheque.

Answer.—*Gross Profit,* £51 2s. 4d.; *Net,* £20 12s. 2d.; *Total of B/S.,* £3613 11s. 4d.

Oxford Local. (*Junior, July,* 1925).

1. Enter the following transactions through their appropriate books. **2.** Post to Ledger. **3.** Take out T.B. **4.** Prepare P. & L. A/c. and B/S. W. Robinson and S. Smith's B/S. on 1st March, 1923, was as follows :—Stock, £917; Bank, £723; Cash, £25; Debtors : B. Lund, £114 18s.; G. Burrows, £95 2s.; B/R.—S. Watson, £75, due 3rd March, 1923; Sundry Creditors : E. Robson, £155 7s. 6d.; M. Bang, £44 12s. 6d.; Office Fittings, £50. Capital, W. Robinson, 2/3rds; S. Smith, 1/3rd. Mar. 2. Sold for cash 150 articles at 8s. 5d. ea. Mar. 3. B/R. due this day collected by Bank. Mar. 4. Paid by cheque amt. due to E. Robson, less 5% cash dis. Mar. 5. Sold on credit to B. Lund 265 articles at 8s. 6d. ea. Mar. 6. B. Lund accepted a Bill at 1 mo. for £100, and pd. by cheque bal. of a/c. owing on 1st March. Mar. 8. Purchased on credit from R. Armitage 100 articles at 5s. 3d., less 10% trade dis. Mar. 12. Returned as defective to R. Armitage 25 articles bought from him on the 8th. Sent him Debit Note. Mar. 13. Paid M. Bang the amt. due to him by cheque, less 2½% cash dis. Mar. 20. Discounted B. Lund's Bill at Bank. Dis. charged, 4s. Mar. 22. Purchased from the Patent Safe Co. a safe for £35, and pd. by cheque. Mar. 27. Withdrew from Bank for Office use, £20, and paid from Cash : Wages, £30; Carriage, £5 2s. 1d.; Stationery, £1 17s. 9d.; Stamps, £1 10s. Mar. 31. Allow int. on cap. at 5% per ann. Depreciate Fittings as on 1st March, 7½% per ann. Stock, 31st March, £850. N.B.—All moneys recd. were paid into bank same day.

Answer.—*Gross Profit,* £91 - 8d.; *Net,* £53 8s. 4d.; *Total of B/S.,* £1878 12s. 8d.

Oxford Local. (*Senior School Certificate, July,* 1925).

1. Enter the following transactions through their appropriate books. **2.** Post to Ledger. **3.** Take out T.B. **4.** Prepare P. & L. A/c. and B/S. On 1st Jan., 1925, W. H. Bale, a tobacconist, possessed the following **Assets** :—Fittings, £300; Cash, £20; Motor Car, £265; Bank, £750; Stock, £1898; B/R. due 15th Jan., £150; Sundry Debtors—F. Webb, £134; S. Butts, £117. **Liabilities** :—B/P. due 10th Jan., £300; Sundry Creditors—English Tobacco Co., £317 2s. 6d.; Abdulla, Ltd., £412 10s. Find Bale's Capital. Jan. 2. Accepted Bill at 3 mos. in favour of Abdulla, Ltd. for £300, and gave them a cheque for bal. of a/c. Jan. 5. Purchased on credit from English Tobacco Co., Tobacco, £350; Cigarettes, £150; each less 10% trade dis. Jan. 6. Purchased from Abdulla, Ltd., Cigarettes, £156 10s. 9d. Jan. 9. F. Webb became bankrupt and pd. a first and final dividend of 13s. 4d. in the £. Recd. his cheque. Jan. 10. Pd. by cheque B/P. due this day. Jan. 12. Sold on credit to Oxford Tobacco Co., Tobacco, £215, less 3¾% trade dis. Jan. 15. B/R. due this day duly pd. to bank. Jan. 19. Sold on credit to R. Denman, 100 lb. Tobacco at 16s. lb., less 5% trade dis. Jan. 22. R. Denman returned 10 lb.

Tobacco, sold him on 19th inst., as damaged. Jan. 23. Recd. from S. Butts cheque for £100 on a/c. Jan. 26. Purchased for cash new Show Case, £15. Jan. 31. Withdrew from bank for office use, £150. Pd. from cash : Wages and Commissions, £106. Paper and String, £15. Rent and Rates, £25. Postages, £3. Pd. cheque for repairs to Motor Car, £15. Withdrew from bank for self, £25. Cash Sales to date, £815 7s. 4d. Depreciate Motor Car 15% per ann., Fittings 5% per ann. Interest on Capital, 5% per ann. Stock, £1779. N.B.—All moneys recd. were pd. at once into Bank.

Answer.—*Gross Profit,* £365 3s. 4d. ; *Net,* £141 1s. 9d. ; *Total of B/S.,* £3954 19s. 6d.

The **CAMBRIDGE LOCAL EXAMINATIONS** are held in July and December in each year, Book-keeping, which cannot be taken alone, being one of the optional subjects. Two "Junior" and two "Senior" Papers are set on successive days. Further particulars may be had from the *Secretary, Local Examinations, Syndicate Buildings, Cambridge.*

Cambridge Local (*Junior, July,* 1909).

1. On 1st May, 1909, my books showed the following balances :—Creditors in A/c. : C. Deeler £321 10 6 ; H. Deeler £95 ; Debtor in A/c. : O. Johnston £37 15 6 ; Stock of Sheep £487 10 6 ; Balance at Bank £291 3 4 ; Stock of Cattle £537 10 - ; B/R. £250. Journalise, post, prepare T.B., P. & L. A/c., and B/S. Make Closing Entries. *All payments are made by cheque, and all amounts received are paid into the Bank upon receipt.* Keep separate A/cs. for Sheep and Cattle.

May 1.	Settled C. Deeler's A/c. as follows : accepted his Draft at 1 month for £150, gave him B/R. (No. 3) for £100, and my cheque for the remainder £71 10 6	£321	10 6
,, 8.	Bought Cattle from H. Deeler	87	5 6
	Bought Sheep from C. Deeler	51	- -
	Bought at Auction, paying by Cheque, Cattle £43 7 6, Sheep £94 17 3	138	4 9
,, 22.	Sold O. Johnston, Sheep, £110 17 7, Cattle...	66	10 -
,, 31.	Cash Sales during month : Sheep £135 10, Cattle	127	10 -
	My acceptance to C. Deeler paid by Bank...	150	- -
	Paid Wages and Expenses for month	31	17 3

Stock of Cattle £570, *Sheep* £310.

2. On 15th Feb. I dispatched Goods valued at £219 10 - to A. Train & Sons, Calcutta, to be sold by them on commission. Freight cost me £4 13 10, Dock Dues £1 19 3, Insurance £2 15 -, and Cartage 15s. 6d. On 23rd June I received from Messrs. Train & Sons Account Sales with Cheque for £240 13 4, the balance due to me after deducting their expenses and commission. Make the Journal entries to record these transactions, and to show the resulting profit or loss.

Cambridge Local (*Senior, July* 1909).

Jones and Robinson commence business, Jones supplying £2000 capital, and Robinson £1500. By the agreement between them: (1) The profit or loss is to be ascertained at the end of the year; (2) 10% of the net profit is to be placed in a Reserve Fund, against which Bad Debts and other accidental losses are to be debited. Jones, who acts as manager, is to receive two-thirds of the remainder, and Robinson one-third. On 30th Nov., 1908, the Ledger of the firm shows the following balances: Dr. Balances:—Philipson & Co. £227; Armstrong & Co. £134; Purchases of Stock £2665; B/R. £350; Cash at Bank £504; Wages £573; Plant £1800. Cr. Balances:—Jones' Capital A/c. £2000; Robinson's Cap. A/c. £1500; Bird & Co. £295; Jenkins & Co. £179; Sales of Stock £2279. Enter, post, prepare T.B., P. & L. A/c. and B/S. *All payments are made by cheque, and all receipts paid into bank.*

Dec.	3.	Sold Goods for Cash	£167
,,	5.	Paid Jenkins & Co. £100 on account	100
,,	7.	Armstrong & Co. pay a composition of 10/- in the £, the remainder of their a/c. being written off.	
,,	8.	Sold Goods to Philipson & Co.	48
,,	10.	Philipson & Co. accept a draft for £200	200
,,	12.	Accepted Bird & Co.'s draft for £200	200
,,	14.	Sold Goods for Cash	173
,,	17.	Goods to the value of £30 stolen during the night	
,,	19.	£15 worth of the stolen goods recovered, the remainder are considered irrecoverable. Write off.	
,,	21.	Sold Goods for Cash	73
,,	28.	Bought Goods from Jenkins & Co.	95
,,	31.	Paid Wages	55

Stock in hand £1537.

Cambridge Local (*Junior, December,* 1913).

1. At the end of July, 1913, my books shewed the following balances: Bank overdraft £14 10s.; B/R. £75; B/P. £150; R. Richardson owes me £350; I owe F. Howe £25 and P. Watson £76 10s.; Goods in hand £1093 15s. Journalise *all* transactions, post, prepare T.B., P. & L. A/c., and B/S. Journalise transfers to P. & L. A/c. *All payments are made by cheque, and all amounts received are paid into Bank upon receipt.*

Aug.	1.	Bought Goods from P. Watson	£127	5	-
,,	2.	Received a Cheque in payment of an old a/c. previously written off as a bad debt...	23	15	-
,,	5.	Returned Goods (invoiced at £17) to P. Watson, the same not being of the quality ordered	17	-	-
,,	6.	Sold Goods to various customers for Cash	74	-	-
Aug.	8.	B/R. for £75 (received from G. Barker) was dishonoured	75	-	-
		Paid noting charge for same	-	2	6

Aug. 11.	Received R. Richardson's acceptance for ...	£200 - -
	Together with Cheq. for £147; allowed Dis.	3 - -
,, 16.	Drew for Personal Expenses	12 - -
,, 19.	B/P. No. 1 for £100 matured and was met at Bank	100 - -
,, 22.	Sold Goods to R. Richardson	315 - -
,, 25.	G. Barker paid a first and final dividend of 13s. 4d. in the £. Recd. £50 1 8. Wrote off Balance as bad	
,, 27.	Paid F. Howe £24 7 6; Discount allowed...	-12 6
,, 30.	Paid Rent £10. Paid Wages	8 10 .

Stock in hand £904.

2. In the P. & L. A/c. in my Ledger I find the following entries, each of which carefully explain :—

Dr. Cr.

1913.		£ s. d.	1913.		£ s. d.
Oct. 31	To Trade Expenses	103 4 -	Oct. 31	By Goods	245 10 -
,, ,,	,, Capital	154 11 -	,, ,,	,, Discount	12 5 -

Cambridge Local (*Junior, December,* 1913).

1. At the end of Oct., 1913, my books shewed the following balances: Overdraft at Bank £10; Creditor, A. Morgan £230; Debtors, C. Burnaby £364, and D. Read £84; Bills Payable £125; Bills Receivable £200; Goods £1124 10s. Journalise *all* transactions, post, prepare T.B., P. & L. A/c., and B/S. Journalise transfers to P. & L. A/c. *All payments are made by cheque, and all amounts received are paid into the bank upon receipt.*

Nov. 1.	Bought Goods from F. Benson	£94 7 -
,, 3.	Drew for Personal Expenses	10 - -
,, 7.	C. Burnaby sent cheque for £164, and accepted draft for	200 - -
	Sent back to F. Benson Goods damaged in transit invoiced at	16 3 -
,, 10.	Accepted A. Morgan's draft for	230 - -
,, 13.	B/P. (No. 1) matured and was met at Bank	100 - -
,, 17.	Sold Goods to A. Morgan	415 - -
,, 18.	Sundry Cash Sales	105 12 -
,, 22.	Discounted B/R. (No. 1) for £150, the Bank allowing me	148 16 -
,, 26.	Bought Goods from F. Benson	366 10 -
,, 27.	D. Read, having failed, paid his creditors 12s. 6d. in the £, wrote off the balance of his account as a Bad Debt	52 10 -
,, 28.	B/R. (No. 2) for £25 became due and was paid into my bank	25 - -
,, 29.	Paid Wages, £10. Paid Trade Expenses...	13 10 -

Stock in hand £1183 12s.

2. I find the following entries in my Ledger, each of which carefully explain.

Dr.		CAPITAL.	Cr.
1913.	Sept. 30.	By Profit and Loss	£234 - -

Dr.		D. JONES.	Cr.
1913.	Oct. 18.	By Bank	£125 - -
	,,	,, Bad Debts	75 - -

Dr.		DISCOUNT.	Cr.
1913.	Oct. 25.	By T. Snooks	£6 10 -

Cambridge Local (*Senior, December,* 1913).

Messrs. Carver and Wood are in equal partnership. Carver may draw on current account any sum not exceeding £100 per quarter; and Wood as manager has a salary of £900 a year. 10% to be written off the value of the Plant and Machinery. *All payments are made by cheque, and all amounts received are paid into the bank upon receipt.* Post the opening balances direct to the Ledger, and enter the transactions in proper order. Prepare T.B., P. & L. A/c., and B/S. On 1st March, 1913, the firm brought forward *Dr. Balances*:— Stock of Furniture (on 1 April, 1912) £4375; Stock of Mahogany (on 1 April, 1912) £850; Carver, Current A/c. £350; Plant & Machinery £3420; Purchases £1237; Rent (11 months) £440; Productive Wages £2415; Trade Expenses £1735; Salary £825; *Cr. Balances*:—Bank (a/c. overdrawn) £137; Carver, Capital A/c. £6000; Wood, Capital A/c. £4540; Wood, Current A/c. £225; Sales £4745.

Mar. 3.	Sold Furniture—for Cash, £285; to Sundry Drs.	£537
,, 7.	Fire in warehouse: Furniture (fully insured) destroyed valued at	390
,, 11.	Sundry Debtors paid	420
,, 15.	Bought Mahogany at auction for Cash £317, and of Adams & Co.	585
,, 18.	Received from Fire Insurance Co. on account of Furniture destroyed by fire	390
,, 19.	Accepted Messrs. Adams & Co.'s Draft at 2 mos.	585
,, 22.	Sold Furniture for £835, recd. in exchange B/R.	400
	and booked the rest to Sundry Debtors	435
,, 31.	Productive Wages, £450. Paid Trade Exs.	150
	Due but not paid Rent £40, Salary £75	115

Value of Stock: *Mahogany* £1200, *Furniture* £5912.

Cambridge Local (*Senior, December,* 1913).

Messrs. Schneider and Schramm are in partnership, sharing profits or losses in proportions of five-eighths to the former and three-eighths to the latter. (1) Reserve for Bad Debts to be increased by the addition of 8% of the value of the Book Debts outstanding, bad debts being debited against this Reserve as

they occur. (2) 8% to be written off the value of lease. *All payments are made by cheque, and all amounts received are paid into the bank upon receipt.* Post the opening balances direct to the Ledger, and enter the transactions in proper order. Prepare T.B., P. & L. A/c. and B/S. On 1st March, 1913, the firm brought forward the following *Dr. Balances* :—Lease £1250; Stock of Cloth and Clothes on 1st April, 1912, £683; Purchases £450; B/R. £100; Sundry Debtors, £197; Bank £133; Discount £33; Trade Expenses £515. *Cr. Balances* :—Bad Debts Reserve £58; Ariston Cloth Co. £311; Sales £1183; B/P. £85; Schneider £1074; Schramm £650.

Mar. 3. Sold to Sundry Debtors Suits to order, £62; Sold Ready-made Clothes for Cash, £49. Mar. 4. Bought Cloth of Ariston Cloth Co., £89; and accepted their draft at 2 mos. for £280. Mar. 7. A. Debtor, from whose account £19 had been written as irrecoverable, pd. this sum in full, £19. Mar. 11. B/R. for £100, drawn by the firm on S. Tweed, matured and was dishonoured; Noting Charge paid on same, 2s. 6d. Mar. 14. Tweed sent his Cheque for £100 2s. 6d. Mar. 22. Sundry Debtors paid £95, Dis. allowed £2, £97; B/P. for £85 matured and was paid by Bank, £85. Mar. 29. Sold Ready-made Suits for Cash. £23; Sold ditto to order of Sundry Debtors, £63. Mar. 31. Pd. all Trade Expenses for month of March, £65. *Value of Stock* (*Cloth and Clothes*) £1116.

National Union of Teachers. (*Intermediate,* 1908).

1. Looking through some a/cs. I find the totals of the sides to be as follows :—John Brown, Dr. £50, Cr. £100; Cash, Dr. £110, Cr. £160; Bad Debts, Dr. £90, Cr. £40. Say in each case whether the balance is a debit or credit balance, and give its exact meaning. **2.** Give the meanings of :—C.I.F.; F.P.A.; F.G.A.; H.M.C.; Cum. Div.; F.O.B. **3.** With respect to the document below write down :—(1) Its name; (2) Its domicile; (3) Its maker; (4) Value and description of stamp necessary; (5) The earliest date on which it may be cashed.

£205. *LONDON, 1st January,* 1908.

ON DEMAND I promise to pay Adam White the sum of Two hundred and five pounds for value received.

Payable at the City Bank. *John Black.*

Ex. On 1st Jan., 1908, the state of Abraham Black's business was as follows :—*Assets* : Cash at Bank £1200 10s., Goods on hand £1500, B. Brown £240 17s. 6d., C. Green £250 2s. 6d., D. Grey £108 10s. B/R. Nos. 10-11 £400, Freehold Premises £5000. *Liabilities* : B/P. No. 20 £320, F. Orange £310, W. White £75. Enter, post, prepare T.B., P. & L. A/c. and B/S. Pass closing Entries through Journal. *All amounts over £5 paid by cheque. All receipts paid into Bank same day.*

Jan. 1.	Drew and cashed cheque for office cash	£50	-	-
	Paid water rate	3	12	6
,, 2.	Consigned to C. Green, of Quebec, to be sold on my a/c. and risk : Goods invoiced at £400; Paid charges on same	30	10	-

Jan. 3.	Drew by arrangement on C. Green at 3 m. for £200			
	Cash Sales	275	10	6
,, 4.	Bought Goods of F. Orange for 2 mos. bill...	148	16	6
,, 6.	Fire damaged the premises this day to the extent of £200, and destroyed goods value (Both the above were uninsured).	40	-	-
,, 7.	Paid W. White £73 15 6; Dis allowed	1	4	6
,, 8.	Retired Bill No. 20 by cheque £317 17 6			
	Rebate allowed	2	2	6
,, 9.	B/R. No. 9, W. Violet £250, previously discounted with Bank, returned dishonoured			
	Noting Expenses		12	6
,, 10.	Purchased from F. Orange on joint a/c. with B. Brown, Goods invoiced at	300	-	-
	Paid charges thereon	12	10	-
,, 11.	Drew Cheque for Wages	15	-	-
,, 11.	Received of B. Brown his half of cost of goods purchased on joint a/c.	150	-	-
,, 13.	W. Violet requests a renewal of his dishonoured Bill for 3 mos., agreeing to pay Noting Exs. and £4 Int. A new Bill for the whole was drawn accordingly, which he accepted.			
,, 14.	Sold Goods to B. Brown for 2 months' Bill	295	17	6
,, 15.	Received of John Bone in discharge of a/c. written off two years ago	35	12	6
,, 18.	Sold Goods to D. Grey	150	15	-
	Paid F. Orange	310	-	-
,, 20.	Recd. of D. Grey £107; allowed dis. £1 10			
,, 21.	Received sight draft from C. Green	250	2	6
,, 22.	Cash Purchases	305	17	6
	Paid for coal for offices	4	7	6
,, 23.	Sent B/R. No. 10 to Bank for collection.....	150	-	-
,, 24.	Sold Goods to W. White	96	15	-
	For which he gave a cheque for £100 and recd. difference from office cash			
,, 25.	Drew cheque for Wages	15	-	-
,, 27.	W. White's cheque for £100 returned by bank dishonoured			
,, 28.	Recd. A/S. from C. Green showing that goods consigned to him realised £520, and that his charges amounted to	25	10	
,, 29.	Recd. Cheq. from W. White in settlem't of a/c.			
,, 30.	Drew Cheque for Salaries	45	10	-
	Sold the Goods purchased on joint a/c. for cash	410	-	-
	Our Commission on the above	5	10	-
,, 31.	Drew Cheque for private purposes	25	-	-
	Interest on Capital	33	10	-

Stock on hand, £996.

National Union of **Teachers.** (*Intermediate*, 1909).

1. Describe briefly the Imprest System of Petty Cash. **2.** During the week a costermonger invested £5 in fruit and 10/- in paper bags. He paid the boy who helped him 7/-, and the hire of his barrow cost him 3/6. On Saturday night he found his takings amounted to £8, and he reckoned he had 1/6 worth of bags and 5/- worth of fruit left. Make out an A/c. showing his profit for the week. **3.** Explain :—Bonded Goods, Del Credere, Rebate, Scrip, P.P.I., A/S.

Ex. The affairs of Arthur Abel, Contractor, stood as follows on 1st Jan., 1909 :—*Assets* : Cash in Office £30 ; Cash at Bank £900 ; Bills Receivable, No. 1, £200, No. 2, £240 ; Benjamin Binns, £720 ; Expenditure on Contract 10 £2160 ; Expenditure on Contract 11 £4800 ; Freehold Premises £7500 ; Horses & Carts £1100 ; Stock of Materials £3000. *Liabilities* : Bills Payable, No. 20 £150, No. 21 £250 ; Charles Cain £350 ; Instalments received on Contract 10 £1200 ; Instalments received on Contract 11 £3600. Enter, post, prepare T.B., P. & L. A/c., and B/S. Pass closing entries through the Journal. *All payments, unless otherwise stated, are made by cheque ; all receipts are paid into the Bank same day.*

Jan.	1.	Recd. Cheq. for Bill No. 1, £198 10 ; Rebate	£1	10	-
,,	1.	Signed Con. 12 to restore St. John's Ch. for	4000	-	-
,,	2.	Bought of Charles Cain Bricks value	530	10	6
		Pd. him Cheq. £350, & acceptance at 3 mos.	300	-	-
,,	4.	Paid for two new Horses	75	-	-
		Paid for Postages, &c., Office Cash	2	12	6
,,	5.	Received Instalment on Contract 11	615	-	-
,,	6.	Paid Wages—Con. 10 £155 15, Con. 11	90	5	-
,,	7.	Materials supplied to Contract 10	365	10	-
		Materials supplied to Contract 11	550	10	-
		Materials supplied to Contract 12	240	15	-
,,	8.	Retired Acceptance No. 20 by cheque £148 12 6. Rebate allowed	1	7	6
,,	9.	Bought Tiles of Chas. Cain for 2 mos. bill...	230	17	6
,,	11.	Recd. cheq. from Benj. Binns £411 12 ; Dis.	8	8	-
		Paid for Repairs to Carts	10	5	6
,,	12.	B/R. No. 2, Frank Fox £240, due this day returned dishon'red. Noting Exs.—Office	-	12	6
,,	13.	Retired Acceptance No. 21 Cheque £247 10 - ; Rebate allowed	2	10	-
,,	14.	Arthur Abel's Drawings	45	-	-
		Charge Benj. Binns for repairing his roof...	12	2	6
,,	15.	Bought Cement of Charles Cain	290	10	6
,,	16.	Paid Wages—Contract 10 £60 ; Contract 11 £100 14 6 ; Contract 12 £45 7 6 ; Yard Watchman—Office Cash	1	15	6
,,	18.	Materials supplied to Contract 10	605	-	-
,,	19.	Received Instalment Contract 10	720	-	-
,,	20.	Paid for Water to Contract 11	5	10	-
		Materials supplied to Contract 12	175	2	6

Jan. 21.	Wrote off value of a Horse killed in street ...	£35	-	-
,, 22.	Received of Edward Easton for Cartage	20	5	9
,, 23.	Contract 10 completed and passed. Final Instalment recd.	2400	-	-
,, 25.	Contract 11 completed. Balance due	1200	-	-
,, 26.	Received Instalment on Contract 12	150	-	-
,, 27.	Recd. cheq. for Frank Fox's dishon'red Bill and Noting Expenses			
,, 28.	Received Instalment on Contract 11	600	-	-
,, 30.	Paid Salaries	80	-	-
,, 31.	Interest on Capital	54	-	-
	Depreciation of Premises	10	-	-

Stock of Materials on hand £2200.

Royal Society of Arts. (*Stage* 1, 1914.)

1. Explain the meanings of the following terms and abbreviations :—Days of Grace, Bad Debt, Depreciation, Above Par, P/N., C.O.D. **2.** Give one example, and record a few items therein of each of the following kinds of account :—(1) Personal, (2) Real, (3) Nominal.

3. On Jan. 1st, 1914, Henry Cross found that the balance standing to his credit in his Banker's Pass Book amounted to £152 16s. 1d., while the balance at the Bank on that date, according to his Cash Book, amounted to £150 10s. Upon examination he found that a cheque for £25, which he had paid in on Dec. 30th, 1913, had not yet been collected and placed to his credit in his Pass Book, and that a cheque for £27 6s. 1d., which he had drawn on Dec. 29th, 1913, had not been presented by the Payee for payment. From the above prepare a Statement reconciling the two balances, and commonly called a "Reconciliation Statement."

4. Rule a columnar Petty Cash Book containing provision for the following headings :—Postage, Telegrams, etc., Carriage, Office Expenses, Stationery, etc., Travelling, Salaries & Wages, Sundries. Record the transactions therein, bring down the balance as on Dec. 6th, 1913, and enter the amount which should be received from the Cashier to make up the amount of the "Imprest," viz., £20. 1913. Dec. 1. Received from the Cashier a cheque (which was cashed) for £12 8s. 7d., the amount required to make up the amount of the "Imprest," viz., £20; Purchased Stamps £1 10s.; Paid Office Cleaner 5s.; Dec. 2. Purchased Stationery 12s.; Paid for telegram to J. Brown 1s. 8d.; Purchased new Office Stool 12s.; Dec. 3. Paid for fares to Chiswick 1s.; Paid A/c. for Telephone Trunk Calls for Nov. £1 18s. 9d.; Dec. 4. Paid Carriers' A/c. £1 2s. 4d.; Received from Inland Revenue for Spoiled Stamps £1 8s. 6d.; Paid for insertion in Directory 5s.; Paid for Return Fare to St. Albans 3s. 10d.; Purchased Packing Materials £1 19s. 4d.; Dec. 5. Paid Window Cleaner 6s. 6d.; Purchased Pens and Pencils 5s. 3d.; Dec. 6. Paid wages to two casual men at 5s. per day each for three days; Paid Salaries to Office Boy and Typist £1 15s.

5. Show, by means of Journal Entries, which accounts would be debited and credited respectively in the books of John Brown, Blouse Maker, in order to correctly record the following transactions, which took place in connection with his business in Oct., 1913 :—Received from Geo. Higgs his Acceptance for £20, payable three months after date, in settlement of his a/c. (£20 3s. 4d.), and allowed him the balance of 3s. 4d. as discount. Received from H. T. Pearce a sewing machine at an agreed value of £8, as part payment of his a/c.

Exercise.—The following was the B/S. of Henry Coulthard, a Waste Rubber Merchant, as on Jan. 1st, 1914 :—**Assets:** Machy., Fixtures & Fittings £120. Sundry Debtors :—A. Coats £72, S. Wilcox £24, B. Vickers £8. Stock in hand £296. Cash in hand £15. **Liabilities:** H. Coulthard's Cap. A/c. £361. Sundry Creditors :—F. Nelson £96, G. Harrod £48, T. Arnold £24, Bank Overdraft £6. Open Coulthard's Ledger with the above; and post thereto, through the proper books of original entry, the following :—Jan. 1. Purchased on credit, from T. Arnold half-ton of Motor Inner Tubes at £26 per ton; Received cheque (which was paid into the Bank) from A. Coats for £70, and allowed him the balance of his a/c. as discount; Sold, for cash, 5 cwt. of ground rubber at £1 17s. 4d. per cwt., Jan. 2, Sold, on credit, to B. Vickers, 1 ton of Cab Tyres at 40s. per cwt.; Sold, for cash, half-ton of ground rubber at £23 2s. per ton; Jan. 3, Paid T. Arnold, by cheque, the amount of his a/c. as on Dec. 31st, 1913, less 10% discount; Sold, on credit, to S. Wilcox, 2 tons of Bus Tyres at £42 per ton, and received cheque from him for the amount of his a/c. as on Dec. 31st, 1913, less 5% discount; Drew cheque for £5 for private purposes; Jan. 4, B. Vickers returned, as unsuitable, half-cwt. of the rubber invoiced to him on the 2nd inst. Sent him a credit note for same; Sold for cash, 6 cwt. of Inner Tubes at 38s. 6d. per cwt.; Jan. 5, Paid in Cash, Wages £10 16s. 4d. (including Insurance Stamps); Paid G. Harrod cheque for £18 on a/c.; Purchased, on credit, from F. Nelson, 2 tons of Cab Tyres at £41 10s. per ton, including charge for bags; Paid Cash for Sundry Trade Expenses, £9 12s. 4d.; Jan. 6, Purchased a Weighing Machine for £12 from H. Jackson, and paid him by cheque; Returned to F. Nelson 20 empty bags, and received credit note from him for 6s. 8d.; Paid into Bank from Cash, £21 9s.; Balance the Ledger A/cs., bring down the balances, and extract a Trial Balance.

Royal Society of Arts. (*Stage* 1, *May*, 1915.)

1. Explain the following terms and abbreviations :—Drawings, Voucher, Premium, c.i.f., f.o.r., I.O.U. **2.** G. G. Griffiths & Co., Ltd., wish to remit, by cheque upon the Stedfast Banking Co., Ltd., of London, the sum of £200 to John Angus Macgregor, who has a Banking A/c. with the Highland and Lowland Bank at Edinburgh. Draw this cheque in a form which will render it difficult for a thief to deal fraudulently with it. **3.** Briefly explain the uses of the following commer-

cial documents, as employed by a merchant, and state in which of his books particulars concerning them would be found :—(*a*) An Invoice, (*b*) A Credit Note, (*c*) A Statement. **4.** George Carpenter and Frederick Carver buy from and sell to each other. At the end of every month they have a settlement and each allows the other 5% dis. On Dec. 31, Carpenter owed Carver £60 for goods supplied and the latter owed Carpenter £40. Show Carver's a/cs. in Carpenter's books as on Dec. 31, 1914, assuming that the monthly settlement had taken place.

5. The following Trial Balance was extracted from the books of a firm. Although the totals of the debit and credit columns agree arithmetically, the Trial Balance is incorrect. Correct and redraft it.

Dr. Balances—		**Cr. Balances—**	
Plant & Machinery	£500	Capital Account	£550
Sundry Debtors	200	Stock	250
Purchases	700	Sundry Creditors	300
Wages	200	Sales	1100
Expenses	300	Goods returned by customers	200
Returns Outwards	100		
Cash in hand	50		
Bank Overdraft	350		

Exercise. On Jan. 1, 1915, Mr. Bennett Prentice purchased the business of a boot & shoe dealer for £500. The assets acquired consisted of : Stock, £200 ; Lease, Fixtures, Fittings & Furniture, £300. He borrowed £400 from his father (Glover Prentice) ; and, after paying for the above assets, he had £100 left in the Bank. Open a/cs. to record the above in B. Prentice's Ledger, and post thereto, through the proper subsidiary books, the following :—Jan. 1, Cash Takings, £2 9s. 6d. ; Jan. 2, Purchased on credit from Mr. W. Whitaker, 2 doz. prs. of brown brogue shoes at 8s. 6d. per pr. ; Purchased for cash brown paper, boxes and string (shop expenses) £1 13s. ; Sold on credit to Mr. B. T. Browne, 1 pr. of boots £1 1s., 1 pr. of dress shoes 6s. 6d., and 6 prs. of boot laces at 2d. per pr. ; Cash Takings £6 6s. 9d. ; Jan. 4, Bought and paid for by cheque, 6 shop chairs at 10s. 6d. each ; Purchased on credit, from C. M. Moore & Sons, 1 doz. prs. of ladies' boots at 10s. 6d. per pr. ; 1 doz. prs. of children's boots at 5s. 6d. per pr. ; 1 doz. prs. of gent's spats at 3s. 6d. per pr. ; Cash Sales, £2 6s. 3d. ; Drew cash for personal use, £3 ; Jan. 5, Mr. B. T. Browne returned the dress shoes, sold to him on the 2nd and bought on credit one pr. of bedroom slippers, 3s. 6d., and one pr. of spats, 4s. 6d. ; Sold on credit to Mr. S. A. Field, 1 pr. of military marching boots, £1 5s., and 1 pr. of puttees, 7s. 6d. ; Returned to Mr. W. Whitaker, 2 prs. of brown brogue shoes, purchased on the 2nd—wrong sizes ; Cash Takings, £6 6s. 4d. ; Jan. 6, Paid Wages in Cash £1 9s. 6d. ; Paid Mr. W. Whitaker's a/c., less 2½% dis. ; Mr. B. T. Browne paid his a/c. (less 5% dis.) by cheque which was paid into the bank ; Cash Takings, £4 1s. 10d. ; Jan. 7, Paid cash in hand into Bank, less £5 retained for incidental expenses. Balance the Cash Book and Ledger as on Jan. 7, bring down the balances, and extract a Trial Balance.

Royal Society of Arts. (*Stage* 1, *May*, 1916.)

1. Explain the following :—Rebate, Manifest, Carriage Paid, c.i.f., P/N., F.O.B. **2.** Prepare the Invoice which would be sent by Messrs. Norman, Saxon & Co., of 592 Poultry, Manchester, to Mr. Alfred Winchester, 100 West Place, London, E.C., to whom they sold 12 dozen Men's Felt Hats at 42/- per dozen. The goods were dispatched on 1st Feb., 1916, carr. paid. Terms 2½% for cash in one month. Submit also the Statement which would be rendered at the end of the month, assuming that the above was the only transaction between the parties. **3.** What is a Balance Sheet? Is it a Ledger A/c.? **4.** Journalise the following transactions :—(*a*) Accepted Joseph Gold's Bill for £50 at 3 mos. (*b*) Accepted three Sewing Machines, value £10, in part payment of Messrs. Ellis & Walker's account. **5.** Why does the balance of a Bank Pass Book frequently disagree with the Bank balance as shown by the Cash Book on the same date? Illustrate your answer.

Exercise. These balances appeared in the books of Madame Lucie Mansfield, Milliner, on 31st Dec., 1915 :—Debits : Fittings & Furniture, £40 ; Stock, £46 ; Debtors : Mrs. Brown £10 ; Mrs. Jones, £15 ; Cash in hand, £5 ; Cash at Bank, £19 ; Credits : Loan (S. Everard), £60 ; Interest due thereon, £3 ; Creditors : Peters & Myers, £27 ; Hall & Huggins, £10 ; Rent for Dec. quarter, £15 ; Profit for year ended 31st Dec., 1915, £20. Open a/cs. to record the above in the Ledger, and post thereto, through the proper books of original entry, the following :— 1916. Jan. 1. Purchased on credit from Hall & Huggins, 6 yds. tulle at 2/11 per yard ; 12 yds. velvet at 3/11 per yd. ; Pd. Wages, £2 19s. in cash ; Pd. District Messenger 2/6 in cash, (Debit Trade Exs.) ; Mrs. Brown pd. her a/c. by cheque (which was paid into Bank) plus 5% Int.—her a/c. being long overdue. Jan. 3. Madame Mansfield paid £100 into her a/c., and drew a cheque for the loan and int. due to S. Everard on 31st Dec., 1915 ; Sold on credit to Mrs. Jones two hats, one at £3 3s., and one at £2 12s. 6d. ; Sold three hats for cash at £2 2s. each ; Bought one dozen hat boxes for cash at 5d. each ; Pd. by cheque Peters & Myers £10 on a/c. Jan. 4. Pd. Rent due by cheque ; Sold on credit to Mrs. Brown one hat for £3 3s. ; Sold two hats for cash £2 17s. 6d. the two ; Pd. by cheque Hall & Huggins the amount of their a/c. as on 31st Dec., 1915, less 2½% dis. ; Purchased on credit from Peters & Myers 6 yds. of Silk at 5/6 per yd. ; ½ doz. Artificial Sprays at 4/3 each ; 4 yds. Ribbon at 2/6 per yd. Jan. 5. Madame Mansfield drew cash for personal use, £2 18s. ; Returned, as unsuitable, to Peters & Myers the ½ doz. Artificial Sprays purchased the previous day. Balance the Cash Book and Ledger as on Jan. 5, 1916, and extract a Trial Balance. No P. & L. A/c. or B/S. is to be given.

Royal Society of Arts. (*Stage* 1, *May*, 1917.)

1. Explain the following :—(*a*) Account Sales, (*b*) Bill of Sale, (*c*) Composition, (*d*) B/L., (*e*) d/s., (*f*) Par. **2.** Give a form of Cash Book suitable for the record of both bank and cash transactions, and enter therein three items on the debit side and three items on the credit side, in order to demonstrate how such a Cash Book is utilised. **3.** Briefly explain the uses of the Journal, and give two e amples of entries you would expect to find in this book. **4.** R. Riley gave S. Sands a bill for £300 in payment for goods supplied. Give the entries recording the transaction in the books of Riley. **5.** Explain the meaning and effect of the words "not negotiable?" when written across the face of a cheque.

Exercise. On 31st Dec., 1916, the following were H. Smith's balances :—**Assets** :—Cash, £4 10s.; Bank, £146 14s.; Stock, £367 3s. 6d.; Furniture £34 9s. 2d.; Debtors: J. O'Brien £96 10s.; P. Regan £124 3s. 4d. **Liabilities** :—Loan & Interest thereon, £105; Creditors: R. Casey, £217 4s. 9d.; A. Nolan, £14 15s. Open a/cs. to record the above in the Ledger, and post thereto, through the proper books of original entry, the following :—1917. Jan. 1. Bought goods on credit from R. Casey £47 10s., subject to trade dis. of 5%, and paid him by cheque £100 on a/c.; Paid by cheque the interest (£5) on the loan. Jan. 2. Pd. by cheque A. Nolan's a/c., less 5% dis.; Pd. carriage 15s. by cash. Jan. 3. Drew and cashed cheque for office purposes, £10; J. O'Brien paid £100 by cheque, the amount overpaid being sent to him by Money Order, the cost thereof (4d.) being pd. by cash and charged to Office Expenses. Jan. 4. Bought Stationery, etc. (debit Office Expenses) value £2 10s., from L. Leader, and pd. for same by cheque; Bought for cash £5 an office desk; and sold an old one for 15s. Jan. 5. P. Regan pd. his a/c., after deducting £5 for goods not up to sample, and 2½% cash dis. on the balance; Bought on credit from A. Nolan, one lot of goods for £7 net and another for £15, less 33⅓% trade dis.; Drew cheque for private purposes, £10. Jan. 6. Drew and cashed cheque for Wages £7 10s.; Sold on credit to J. O'Brien, goods £37 15s. 6d.; Sold goods for cash £5; Gave R. Casey a bill at three months for the balance of his a/c. All amounts recd. were pd. into Bank on the day of receipt. Balance the Cash Book and Ledger as on 6th Jan., 1917, and extract a Trial Balance. No P. & L. A/c. or B/S. is to be given.

Royal Society of Arts. (*Stage* 1, *May*, 1918).

1. Explain the following :—(*a*) Sole Trader, (*b*) Drawings, (*c*) Consignment, (*d*) Inc/tax, (*e*) F.A.A., (*f*) Div. **2.** What is the object of preparing a Balance Sheet? Submit a pro forma Balance Sheet and report briefly upon the financial position of the trader to whom it belongs. **3.** Should the undermentioned items be entered in the Trading A/c. or in the P. & L. A/c. :—(*a*) Stock in Hand, (*b*) Carriage on Sale, (*c*) Discount on purchases, (*d*) Sales Returns, (*e*) Expenses of Travellers. **4.** What is the object of crossing a cheque? Give three specimen cross-

ings and state the object of each. **5.** What is a "Reconciliation" Statement? Explain how it is prepared and give an illustration.

Exercise. M. Ravary started business, as a tea merchant, in 1917. On 1st Jan., 1918, his balances were as follows :—**Assets** : Bank, £316 10s. 4d. ; Cash, £10 2s. 7d. ; Office Furniture, £100 ; Tea, £185 10s. 6d. ; Debtor : H. Dickson, £95 0s. 7d. **Liabilities** : Loan from R. Smith, £100 ; Creditor, P. Peach, £78 9s. Open a/cs. to record the above in the Ledger, and post thereto, through the proper books of original entry, the following :—1918. Jan. 2. Pd. by cheque int. for ½ year at 5% due on loan from R. Smith. Jan. 4. Pd. wages in cash, £7 4s. 6d. ; Drew and cashed petty cash cheque, £25. Jan. 5. Bought on credit from P. Peach, 40 chests of tea at 80/- per chest, less 10% trade dis. Jan. 8. Sold on credit to H. Dickson, tea £22. Jan. 9. Bought for cash a second hand office desk, £6 10s. ; Sold on credit to W. A. Richardson, tea to the value of £82. Jan. 11. Pd. wages in cash, £8 ; Bought for cash, stationery and string, £3 8s. 2d. (charge to office expenses a/c.). Jan. 12. H. Dickson returned one chest of tea as damaged. Credited him with 90/-, the value thereof. Jan. 14. Sold on credit to H. Dickson 10 chests of tea at 90/- per chest. Jan. 16. Pd. R. Smith, cheque, £100 4s. 2d., being repayment of loan with int. to date. Jan. 17. Recd. a bill at 3 mos. from H. Dickson for the amount due from him, less 2½% dis. Jan. 18. Bought on credit from P. Peach, 32 chests of tea at 82/- per chest net ; Pd. P. Peach £100 on a/c. by cheque. Jan. 21. Pd., in cash, travelling exs. £2 8s. 6d. (charge to office exs. a/c.) ;Recd. cheque from W. A. Richardson in payment of his a/c., less 2½% dis. Jan. 22. Sold on credit to H. Hartman tea, £92 4s. 10d. Balance the Cash Book and Ledger as on 22nd Jan., 1918, and extract a Trial Balance. No P. & L. A/c. or B/S. is to be prepared.

Royal Society of Arts. (*Stage* 1, *May*, 1919).

1. Briefly explain the following :—Bad Debts ; Imprest ; Payee ; c.i.f. ; E. & O.E. ; C.O.D. **2.** What is a "Reconciliation Statement," and with what object is it prepared? Illustrate your answer by employing the following particulars :—Cash at Bank as per Bank Pass Book on Dec. 31, 1918, £100 ; Cash at Bank as per Cash Book on Dec. 31, 1918, £110 ; Cheques drawn prior to Dec. 31, 1918, not in Bank Pass Book, £20 ; Cheques paid in prior to Dec. 31, 1918, not in Bank Pass Book, £30.

3. The following is a copy of Frederick Hamilton's a/c. in Leonard Maxwell's ledger :—

Dr. **Frederick Hamilton.** **Cr.**

1918.		£ s.	1918.		£ s.
Dec. 1	To Balance	28 -	Dec.10	By Cash	27 6
,, 2	,, Goods	10 -	,, 10	,, Discount	- 14
,, 14	,, do.	6 -	,, 10	,, Returns	7 -
,, 27	,, do.	14 -	,, 31	,, B/R.	15 -
,, 27	,, Carr. on Goods	1 -	,, 31	,, Balance c/d	9 -
		£ 59 -			59 -
Dec. 31	To Balance b/d	9 -			

Show the entries which Hamilton would make in his books to record his transactions with Maxwell, giving the latter's a/c. as it would appear in Hamilton's ledger.

4. Name a few circumstances which would entitle a trader to return goods purchased by him to the seller. How are goods so returned treated (*a*) in the books of the purchaser, and (*b*) in the books of the seller? **5.** State what a/cs. would be debited and credited in Geo. Robertson's books for the following transactions:—Sent Marston & Younger a cheque for £1 3s. 2d. for dis. over-deducted when paying their a/c. Recd. a cheque for £10 from the Official Receiver on account of a debt which had previously been written off as a bad debt. The Oise and Marne Trading Co., Ltd., being unable to pay its debts, gave G. Robertson £100 Debenture Stock in settlement of his account of £80. The Debenture Stock was subsequently sold by G. Robertson for £60.

Exercise. Alexander Goodchild commenced business as a Manufacturing Costumier on 1st Jan., 1919, with £500 in the Bank. He had installed sewing machines, valued £60, purchased from the Sterne Manufacturing Co., for which he had given a three months' Bill dated 1st Jan., 1919. His stock amounted to £180, which he purchased on 31st Dec., 1918, from Sharp, Spencer & Co., and had not paid for. Open his ledger as on 1st Jan., 1919, with the above particulars, and post thereto, through the proper books of original entry, the following:—1919. Jan. 1. Drew and cashed cheque for £20 for office cash; Paid cash, £1 15s., for carriage on sewing machines; Bought on credit 100 yds. of blue serge at 15s. 6d. per yd. from Brown & Co. Jan. 2. Bought on credit 70 gross of pearl buttons at 10s. 6d. per gross from A. Cillini & Co.; Paid in cash, £8 15s., makers' wages; Sold on credit to Hislop, Toone & Co., 1 doz. ladies' covert costumes, at £4 15s. each. Jan. 3. Purchased by cheque, from Johnson & Johnson, packing materials amounting to £15. Purchased by cheque, from the Town Furnishing Co., sundry fixtures and fittings for £70. Jan. 4. Paid Sharp, Spencer & Co. cheque, amount of their a/c., less 2½% dis. Jan. 6. Sold on credit to Montague Hyams, 3 doz. ladies' blue serge costumes, at £5 5s. each; Pd. cash, makers' wages, £3 15s. Jan. 7. Drew and cashed cheque for £20, to replenish office cash; Hislop, Toone & Co. paid their a/c., less 5% dis., by cheque, which was paid into Bank. Jan. 8. Purchased by cheque, from the Hervey Engineering Co., 1 cutting machine for £45; Montague Hyams returned as faulty 6 ladies' blue serge costumes sold him on the 6th inst. Balance the Cash Book and Ledger as on 8th Jan., 1919, and extract a Trial Balance. No P. & L. A/c. or B/S. is required.

Royal Society of Arts. (*Stage* 1, *May*, 1920).

1. Explain the following terms and abbreviations:—Cash Discount; Real A/c.; Par; Cum. div.; m/s.; Ltd. **2.** What is a cheque? Give a specimen form of a cheque for £10 5s. 6d.

3. Rule the form of a Cash Book and enter therein the following :—1920. Jan. 1, Bal. at Bank, £235 6s. 2d.; Bal. of Cash, £86 4s. 10d. Jan. 2, Paid Wages in Cash, £17 6s. 5d. Jan. 3, Paid into Bank cheque recd. from Smith & Sons in settlement of their a/c. of £65 10s., they deducting 5% dis. from this amount. Jan. 4, Paid Wm. Robinson, by cheque, the amount due to him, £76 6. 8d., less 5% dis. which was deducted. Jan. 5, P. Peters paid through Bank the Bill Receivable due to-day, £100. Jan. 6, Paid by cheque £56, Rent due 25th Dec., 1919. Jan. 8, Sold an old table for 15s. in cash. Paid into Bank all cash in hand with the exception of £10. Bal. the Cash Book on 8th Jan. **4.** Explain the objects and methods of using a Bills Receivable Book. Submit a suitable ruling for such a book and insert two specimen entries. **5.** State which of the following you would enter in the Trading A/c., and which in the P. & L. A/c. :—(*a*) Sales. (*b*) Purchases Returns. (*c*) Office Salaries. (*d*) Workmen's Wages. (*e*) Travelling Exs. (*f*) Stock in hand.

Exercise. George Waud started on 1st Jan., 1920, as a General Dealer, with :—Cash in hand £15 17s., Cash in Bank £327 8s. 10d., Stock £258 10s. 6d., Furniture & Fittings £94. *Sundry Debtors* :—H. Dickson, £18 10s.; M. Ravary, £39 17s. 6d.; H. V. Machin, £26 18s. 4d. *Sundry Creditors* :—H. Hadley, £12 4s. 8d.; M. Melody, £21 4s. 6d. Open a/cs. to record the above in the Ledger; and post thereto, through the proper books of original entry, the following :—Jan. 1. Drew and cashed cheque for office purposes, £40. Jan. 2. Sold to M. Ravary on credit, 4 rolls serge at £15 10s. 6d. per roll, less 10% trade dis. Jan. 3. Paid wages in cash £6 7s. 6d. Bought on credit from H. Hadley, 50 oilskin coats at £1 11s. 6d. each. Jan. 5. H. Dickson paid by cheque the amt. of his a/c., less 5% dis. Paid cheque into Bank. Jan. 6. Paid by cheque, the amt. owing to M. Melody. Cash sales for week £32 8s. 6d. Jan. 8. Bought for cash 16 overcoats at £2 2s. ea. Jan. 9. Accepted a bill of exchange, drawn by H. Hadley, for amt. of his a/c. Drew and cashed cheque for office purposes £20. Jan. 10. Purchased for cash office desk, £12 10s. Paid in cash wages £7 10s. and office exs. £1 8s. 7d. Jan. 12. M. Ravary paid by cheque £25 on a/c. Paid cheque into Bank. Jan. 14. Cash Sales for week £42 10s. 8d. Bal. Cash Book and Ledger and extract a Trial Balance.

Royal Society of Arts. (*Stage* 1, *May,* 1921).

1. Explain the following :—Imprest System; Reconciliation Statement; Stock-in-Trade; a/ce.; Div.; fcs. **2.** What is a "Bill Payable"? **3.** G. Dickson started in business on 1st Jan., 1921. His assets were : Cash at Bank, £500; Stock, £324 *Debtors* :—A. Smith, £122; R. Jones, £194; Machinery, £624; *Creditors* were :—B. Robinson, £240; A. Brown, £320. Prepare Journal entry necessary to open Dickson's books. **4.** Lloyds Bank, Ltd. returned a cheque to B. Blank, paid in by the latter on the previous day, with a note marked on it "not endorsed." Explain the meaning of this note, and state why the Bank

returned the cheque. **5.** A trader informed his book-keeper "that he had drawn £25 from the Bank for Office Cash." Explain the meaning of this statement, and give the entries necessary to record the transaction in the Trader's books.

Exercise. F. Flame started as a Coal Merchant on 1st Oct., 1920, possessed of a horse and cart, value £120, Cash at Bank £550. He owed £100 to his brother, H. Flame, for money lent. Oct. 1. Drew and cashed cheque £25 for petty cash. Oct. 2. Purchased on credit 50 tons best household coal from Nuneaton Colliery Co., at 63s. per ton, less 10% trade dis. Oct. 4. Purchased and paid for out of petty cash various a/c. books £3 2s. 6d. Stationery £2 12s. 8d. Oct. 5. Sold on credit to George Norwood 15 cwt. of coal at 4s. 8d. per cwt. Oct. 6. Sold for cash and paid into petty cash 5 cwt. of coal at 4s. 6d. per cwt. Oct. 8. Paid out of petty cash salaries and wages £8 2s. 6d. Oct. 11. Purchased on credit from B. Farmer 1½ tons hay at £8 per ton. Oct. 12. Paid by cheque Nuneaton Colliery Co. amt. of their a/c., less 5% cash dis. Oct. 16. G. Norwood paid his a/c. by cheque which was paid into Bank, less 2½% cash dis. Oct. 18. Paid out of petty cash salaries and wages £9 18s. 7d. Oct. 19. Purchased on credit from Cardiff Coal Co. 20 tons steam coal at 62s. per ton. Oct. 22. Sold on credit to Bracebridge Flour Mills, Ltd., 10 tons steam coal at 68s. per ton less 5% trade dis. Oct. 23. Returned to B. Farmer ¼ ton of hay damaged. Oct. 26. Cardiff Coal Co. allowed 15s. for short weight in coal purchased from them on the 19th. Open Ledger a/cs. and post above thereto, through the proper subsidiary books. Balance ledger, bring down the balances and extract a Trial Balance.

Royal Society of Arts. (*Stage* 1, *May*, 1922.)

1. Explain the following :—Consignment, Partnership, Bad Debt, C/N., f.o.b., M.O. **2.** What is a cheque? Draw a specimen cheque and give the names which are applied to the parties to it. **3.** Explain the nature of the entries which, in your opinion, should be passed through the Journal Proper. **4.** W. Speed, trading as a cloth merchant, has three departments, (*a*) Tweeds; (*b*) Cashmeres; and (*c*) Velours. Rule a suitable Purchases Book and make three entries therein. **5.** S. White received notice on 2nd Jan., 1922, that his debtor, B. Blank (who owed him £156) had become bankrupt. On 31st Mar. he received a cheque from the Official Receiver for "1st and Final Dividend of 7s. 6d. in the £." What entries must White make in his books to record the above.

Exercise. On 1st Mar., 1922, A. Pillar, furniture dealer, finds his position thus :—Cash at Bank £1285; Shop Fittings £200; B/R. £150 (L. Pirrie, due 9th Mar.); Horse and Van £180; Debtors : L. Pain £260; C. Pernet £124; Stock £1986 : Creditor : W. R. Smith £321; Cash in hand £92; Loan from S. Cranford £500. Open ledger a/cs. to record the above, and post thereto,

through the proper books, the following :—Mar. 3. Purchased on credit from C. Hall, 100 art square carpets at 22s. 6d. each, less 10% trade dis. Mar. 4. Sold for cash and paid into office cash, 12 iron bedsteads at 47s. 6d. each. Mar. 5. Paid in cash, Wages £24, Railway Carr. £12 7s. 6d., Rates £38. Mar. 7. Sold on credit to C. Pernet, 56 hair mattresses at £2 19s. 8d. ea.; ½ gross mattress covers at 10s. ea.; and 5 doz. feather bolsters at 9s. 6d. ea. Mar. 9. B/R. due to-day duly paid to Bank. Mar. 10. Drew and cashed cheque for Office Cash £50. Mar. 12. Purchased at auction and paid for by cheque, second-hand furniture £128 10s. 6d. Mar. 14. Purchased for cash hay and corn for horse £12 7s. 2d. C. Pernet returned six feather bolsters sold to him on the 7th inst. as damaged. Mar. 17. Paid in cash, Wages £27 10s., postages and stationery £2 18s. 4d. Mar. 19. L. Pain paid, by cheque, the amount due from him less 5% dis. Mar. 20. Purchased by cheque, new shelving for use in shop £62. Mar. 22. Paid by cheque, W. R. Smith, amount due to him less 5% dis. Balance the Ledger and Cash Book, and extract a Trial Balance.

Royal Society of Arts. (*Stage* 1, *May* 1923.)

1. Explain the following :—Account Sales, Interest on Capital, Agent, L/C., On a/c., C.O.D. **2.** State how you would record the purchases in a business where there were three departments. Give a ruling of the Purchases Returns Book you would recommend, and make two specimen entries therein. **3.** The following errors were made in the books of A. B. Give the entries necessary to correct them :—(*a*) Goods £16 8s. 10d. sold to B. Brown were posted to the debit of R. Brown's A/c. (*b*) Cash Dis. £1 19s. 8d. was allowed to G. McArthur and was credited to his A/c. but no entry was made in the Cash Book. (*c*) The additions of the Sales Book for the month of May were undercast by £100. **4.** Explain the difference, if any, between a Sale and a Consignment. **5.** Describe the meaning, advantages or disadvantages of :—Bearer Cheques, Order Cheques, and Crossed Cheques. Illustrate answer by a specimen of each kind.

Exercise. On 1st Mar., 1923, Robt. Alexander (⅔rds Cap.) and W. Dreer (⅓rd Cap.), Ironmongers, have :—Stock £698, Bank Balance £742 10s., Cash £79 15s. 10d. Creditors : R. Edie £148 10s. 4d., R. Raymond £98 15s. 2d., Gas Co. £12 4s. 6d. Debtors : B. Lee £178 14s., G. Brown £96 10s. 2d. B/R. : L. Wilson £50, due 3rd Mar., M. Jones £100, due 6th Mar. Open ledger a/cs. for above, and post through the proper books, the following :—Mar. 2. Sold for cash, and paid proceeds into office cash, 100 lbs. French nails at 140/- per cwt. Mar. 3. Paid in cash amount due to Gas Co. B/R. due to-day collected by Bank. Mar. 4. Paid by cheque, amount due to R. Edie, less 5% dis. Mar. 5. B. Lee accepted a Bill at 3 mos. for £100 Mar. 6. Paid in cash, Wages £19 18s.; Stationery and Stamps £3 10s. B/R. due to-day, collected by Bank. Mar. 8. Sold on credit to G. Brown, 6 Lawn Mowers at £5 3s. 6d. ea., less 10%

trade dis., and 12 doz. knives at 36s. 8d. per doz. net. Mar. 10. Purchased on credit from R. Raymond, 1 gross razors at 2s. 1d. ea., and 100 prs. of scissors at 10½d. per pr. Mar. 12. Paid in cash, Wages £28 17s. 2d.; Railway Carr. £3 19s. 4d.; Postage and Stationery £1 11s. 4d. Mar. 15. Paid by cheque to R. Raymond £75 on a/c. Mar. 17. Drew and cashed cheque £25 for office purposes. Mar. 19. G. Brown returned as defective one lawn mower sold him on the 8th inst. Mar. 22. Purchased for cash job lot of bedsteads for £23 18s. 4d. Mar. 24. G. Brown sent cheque in settlement of his a/c. less 5% dis. Balance Ledger and Cash Book, and extract a Trial Balance.

Royal Society of Arts. (*Stage* 1, *May*, 1924).

1. Give the abbreviations generally used for:—Bill of Exchange; Pennyweight; Hundred; Cheque; Account Sales; Per cent. **2.** W. Dreer is a wholesale clothing merchant, and deals in three classes of goods, viz., clothes, hats and boots. A separate department is kept for each class of goods. His purchases on Feb. 1st, 1924, were as follows:—Hugh Dickson & Son, 8 doz. prs. men's boots, assorted sizes at 19s. 6d. per pr. Q. Alexander & Co., 24 boys' overcoats at £2 9s. 6d. each. J. Jones, 12 doz. felt hats at 12s. 6d. each. Rule a suitable purchases book and enter the transactions. **3.** Geo. and Robt. McGredy are partners with 2/3rds and 1/3rd share respectively in the capital of £9,000. Int. on Cap. at 5% is to be allowed and Robt. McGredy is to be credited with £250 per ann. as a partnership salary. Is it necessary for the firm to open more than one cap. a/c.? If you think so, explain why. **4.** Explain why the left-hand side of a ledger a/c. is called the "debit" side. **5.** Explain the difference between "trade discount" and "cash discount."

Exercise. The balance sheet of Henry Morse, a furniture dealer, as on Dec. 31st, 1923, was as follows:—*Assets*: Fixtures & Fittings £260; Sundry Debtors: H. Balfour £146, W. R. Smith £52, E. Wright £17; Stock £581; Cash £31. *Liabilities*: H Morse, Capital A/c. £732; Bank Overdraft £15; Sundry Creditors: H. Winnett £193, P. Jacote £96, W. A. Richardson £51. Record the above in the ledger, and post thereto through the proper books the following:—1924. Jan. 1. H. Balfour paid by cheque amt. due from him, less 5% cash dis. Paid cheque into bank. Jan. 3. Sold on credit to E. Wright, 100 bentwood chairs at 6/9 ea.; 25 cane-seated chairs at 9/11 ea.; and 8 oak settees at 89/6 ea. Charged him £1 6s. 1d. packing exs. and allowed him 10% trade dis. on the whole invoice. Jan. 4. Sold for cash and paid into office cash, 1 mahogany bedstead at £4 15s. and 1 bedroom suite at 27 guineas. Jan. 5. Paid by cheque £75 on a/c. to H. Winnett. Jan. 7. Paid in cash, wages £7 4s. 6d. and repairs to shop front £4 3s. 7d. Jan. 9. Purchased on credit from W. A. Richardson, 3 dining room suites at £35 each, and 2 doz. folding bedsteads at 13s. 9d. ea., less 10% trade dis. Jan. 11. E. Wright returned as

damaged, 4 bentwood chairs sold to him on the 3rd inst. Jan. 12. W. R. Smith sent a cheque for amt. due from him, less £2 allowed him as dis. Paid cheque into bank. Jan. 14. Paid in cash, wages £8 2s. 4d. and packing materials £9 14s. 7d. Jan. 16. H. Morse drew by cheque £20 for private purposes. Jan. 18. Purchased for cash job lot of second-hand furniture £18. Jan. 20. Sold 5 suites of furniture by auction, and recd. a cheque from the auctioneers £141 10s. 7d., and paid same into Bank. Jan. 21. Paid by cheque bal. due to H. Winnett, who allowed £3 as cash dis. Jan. 22. Drew and cashed cheque £20 for office purposes. Paid in cash, wages £8 7s. 4d. and new show case £20. Balance ledger, bring down balances, and extract a T.B. (*Total Balances,* £1,237 18s. 1d.).

Royal Society of Arts. (*Stage* 1, *May,* 1925).

1. Explain the terms:—Turnover; Firm; Original Entry; and give the abbreviations used for:—Discount; Days after Sight; Free on Board. **2.** On Feb. 1st, 1925, H. Dickson, of Coventry, sent 24 cycles to A. Chatenay, of Cape Town, for sale on his behalf, on the understanding that they were not to be sold for less than £10 ea. Assume that Chatenay sold these cycles on April 5th, 1925, and sent a/c. to Dickson showing: (1) proceeds of the sale, (2) the expenses paid, and (3) commission deducted. Prepare an a/c. with imaginary figures in the form you think Chatenay should employ. **3.** The brothers Walter and Frank Dreer are in partnership. Frank Dreer devotes more time to the business than his brother, and it has been agreed, therefore, that Frank is to be credited at the close of each year with a salary of £250. Give the entries you would make in the books of the firm to carry out this arrangement. **4.** A merchant informed his book-keeper that "owing to the bankruptcy of X.Y., who owed him £50, he had made a bad debt of £36." Explain what the merchant meant by this remark. **5.** Give the ruling of a Bills Receivable Book and enter one specimen bill therein.

Exercise. G. MacArthur commenced business as a dealer in Hardware on Jan. 1st, 1925. Cash at Bank, £1,018 10s.; Cash in hand, £52 1s. 7d.; Stock, £987 4s. 2d.; Horse and Van, £100. Sundry Debtors:—R. Hart, £87 4s.; P. Binns, £41 8s. 11d. Sundry Creditors:—B. Easter, £46 17s. 4d.; M. March, £51 8s. 9d. Open the Ledger to record the above and post thereto, through the proper books, the transactions:—Jan. 3. Paid, in cash, Wages £9 8s. 5d., General Exs. £3 7s. 4d. Jan. 4. Sold, on credit, to P. Binns, half-gross enamel Bread Pans at 5s. 8d. ea., and 3 doz. aluminium hot-water bottles at 2s. 5½d. ea. Jan. 6. Purchased, on credit, from B. Easter, 36 Oil Heating Stoves at 14s. 9d. ea. (Packing Charges £1 9s.). The whole invoice subject to 10% trade dis. Jan. 8. Sold, for cash (which was not paid into Bank), damaged lot of saucepans for £3 17s. 2d. Jan. 10. MacArthur drew cheque, £50, for private purposes. Jan. 12. P. Binns returned, as damaged, 3 Bread Pans, sold to him on the 4th inst. Paid, in cash, Wages £10 4s.

1d., General Exs., £4 3s. 1d. Jan. 13. R. Hart paid, by cheque, amount due from him, less 5% cash dis. Paid cheque into bank. Jan. 15. Purchased, on credit, from M. March, 175 Ship's Barometers at 36s. 8d. each, and 1 gross Icing Sets at 4s. 6d. each. Jan. 17. Paid M. March by cheque, amt. due to him, less 5% cash dis. Drew and cashed cheque, £35, for making cash payments. Jan. 18. Sold old Van for cash, £24 10s., which was not paid into Bank. Purchased, for cash, new Van for £52 18s. 6d. and Office Desk £15. Jan. 19. Paid, in cash, Wages, £7 19s. 8d., General Exs., £4 1s. 9d. Jan. 22. P. Binns sent cheque for £30 on a/c. Paid cheque into Bank. Balance ledger, bring down balances, and extract a T.B. (*Total Balances,* £2,304 15s. 1d.).

Lancashire & Cheshire Union (*Junior,* 1913).

Part I. 1. Explain the meaning of the following (*a*) Dating forward. (*b*) Suspense A/c. (*c*) Fixed charges. **2.** What is a profit and loss a/c., how is it made up and from what a/cs., and what does the balance represent? How would you deal with the final balance? **3.** What do you understand by the term "Interim Dividend"? **4.** Journalise the following :—(*a*) William Smith, balance due from him irrecoverable, £27 10s. (*b*) Depreciation on office furniture, 5% on £50 10s. (*c*) Rates and taxes due but not paid, £10 13s. 4d. (*d*) Sold for cash, £50, an old machine which stands in the private ledger at £165. **5.** What is understood by the terms :—(*a*) "Fixed Assets." (*b*) "Wasting Assets"?

6. B. Lindley received from W. Simpson 100 pianos invoiced at £20 each to sell on Simpson's a/c. B. Lindley paid freight £100, Insurance £75, Storage £50. He sold them for cash at an average price of £30 each less 5%. Lindley's commission for selling was fixed at £250. How would Simpson's a/c. appear in Lindley's ledger?

Part II. 7. The position of Henry Clay on the 1st Feb., 1913, was as follows :—**Assets** : Cash in hand, £13 4s. 7d.; Cash at bank, £287 13s. 6d.; B/R. due 22nd Feb., £55; Joe Watson, £18 14s. 11d.; Wm. Diver, £48 10s. 1d.; Office Furniture, £34 8s. 6d.; Goods on hand, £487 15s. **Liabilities** : Stephen Hirst, £175 14s. 2d.; David Haynes, £263 5s. Enter in the books, post, and take out T.B.

Feb. 1.	Sold Goods to Joe Watson	£120	2	6
,, 2.	Recd. B/R. at 2 months from Wm. Diver ...	48	10	1
,, 4.	Bought Safe for Office and paid Cheque ...	10	-	-
,, 7.	Sold Goods to Peter Gibbs for Cash	57	10	-
	Paid into Bank	60	-	-
,, 10.	Drew Cheque for Office Cash	30	-	-
	Paid Wages and Salaries in Cash	18	15	6
,, 12.	Bought Goods from Stephen Hirst	48	10	6
,, 13.	Paid Haynes by Cheq. which settled his a/c.	252	-	-
,, 16.	Recd. Cash from Joe Watson and paid it into Bank same day £18 4s. Allowed Dis. ...		- 10	11
,, 19.	Sold Goods to Wm. Diver	64	3	7
,, 21.	Gave Steph. Hirst on a/c. my acceptance for	144	4	8
	Paid into Bank B/R. due on the 22nd inst.	55	-	-

Feb.24.	Bought Goods for Cash	£17	-	-
	Paid Rates by Cheque	10	10	-
	Wm. Diver returned Goods	12	3	-
,, 28.	Hy. Clay drew a Cheq. for private purposes	15	10	-
	Charge depreciation of Office Furniture ...	1	8	6
	Carriage due but not paid	5	16	9

Part III. 8. Close the a/cs., bring down balances, make out P. & L. A/cs. and B.S. *Stock on 28th Feb.,* 1913, £419 4s. 3d.

Lancashire & Cheshire Union. (*Junior*, 1914.)

Part I. 1. Is the fact that a trial balance "agrees" conclusive evidence that all transactions for the period are correctly entered in the books? Illustrate your answer. **2.** What is meant by "renewing" a bill? A receives a bill of exchange from B for £100, and discounts it with his bankers. On the bill becoming due B requests A to renew it, which A does, adding £2 to the new bill for interest. What entries will be necessary in A's books when the bill is renewed? **3.** What do you understand by :—(*a*) A composition, (*b*) Turnover, (*c*) Liquid assets. **4** Show a ruling for a departmental sales book suitable for a business with three departments in which are sold cotton, woollen, and silk goods respectively. Give three specimen entries. **5.** What is the difference between a "sale" and a "consignment"?

6. In which ledger accounts and on which side of such accounts would you expect to find the following transactions? :—(*a*) £40 paid for a horse & cart. (*b*) £60 recd. as commission for selling goods received on consignment from Charles Lemur. (*c*) £100 lent to Thomas Frost at 5% interest. (*d*) £15 recd. from the trustee in bankruptcy of Tim Thaw, being a supplementary dividend. Thaw's a/c. had been closed for some years.

Part II. Moses Myers' position on the 1st Jan., 1914, was as follows :—*Assets* :—Cash in hand, £12 10s.; Cash at bank, £189 12s. 8d.; Stock-in-trade, £363 15s.; Bills Receivable, due 17th Jan., £80 10s.; due 19th Feb. £48; Alfred Smith, £39 12s. 6d.; Jacob Rose, £18 3s. 2d.; Warehouse Fixtures, £50. *Liabilities*—Shaw & Sons, £86 9s. 4d.; Bill Payable, due 12th Jan., £65 14s. Transactions for the month :—

Jan. 1.	Recd. cheque from Jacob Rose in settlement of his a/c., and paid same into bank	£17	14	1
,, 3.	Sold goods to Alfred Smith	21	8	6
,, 5.	Recd. B/E. at 3 mos. from Alf. Smith on a/c.	50	-	-
,, 6.	Gave Shaw & Sons bill recd. from Alfred Smith, £50, and cheque for £34 6 1; discount £2 3 3, total	86	9	4
,, 8.	Drew cheque for cash	25	-	-
	Bought goods from Abe Worth for cash	14	2	6
,, 12.	Met bill due this date by cheque	65	14	-
,, 15.	Sold goods to Jacob Rose	94	13	4
,, 17.	B/R. due this date duly met at bank	80	10	-

Jan.21.	Paid war-house wages in cash	£14	10	-
	Drew a cheque for household expenses	12	5	-
,, 24.	Sold goods to Alfred Smith	82	6	8
,, 25.	Bought goods from Tom Mack	69	10	-
,, 27.	Alf. Smith returned half the goods sold him on the 24th as being damaged.			
	Gave Tom Mack a 2 months' bill on a/c. for	35	-	-
	Paid gas and water a/c. in cash	2	5	-
,, 31.	Charge depreciation of warehouse fixtures ...	-	8	4
	Credit cap. a/c. with int. at 5% per ann. ...	2	14	2
	One month's rent of wareh'se due but not pd.	5	8	4

Record the above in the proper books, post to Ledger, and take out Trial Balance.

Part III. From the foregoing close the a/cs., bring down the balances, and make out P. & L. A/c. and B/S. On the 31st Jan., 1914, the stock was valued at £337 8s. 8d.

London Chamber of Commerce. (*Junior*, 1913.)

1. On March 31st, 1912, the balances in the books of A. Woodall, trading as the Boro' Brick Co. after all adjustments had been made were :—Freehold Property £12,000; Kilns, Buildings, Fixed Plant & Machinery, £5250; Loans on Mortgage @ 4% £10,000; Rolling Stock, Loose Plant & Stores £1237 10s. P/P.: Eastern Machy. Co. due April 24/12, £200; Eastern Machy. Co. due May 24/12, £200; Eastern Machy. Co. due June 24/12, £200. B/R.: A. Bear, due April 6/12, £113 3s. 6d.; A. Bear, due June 6/12, £113 5s. 6d.; C. Strike, due April 15/12, £293 5s. Sundry Creditors: Earl & Co. £15 6s.; Duke & Sons £332 10s.; Dark Forge Co. £219 13s. 4d.; Eastern Machinery Co. £168 0s. 8d.; Beale & Co. £288 10s.; Stock of Bricks £550; Interest due on Mortgage £100. Sundry Debtors: Builders' Supply Co. £58 6s. 8d.; A. Bear £153 2s. 6d.; C. Strike £111 1s. 4d.; G. Dimmock £271 19s. 6d. Reserve for Discounts & Bad Debts £250. Cash at Bank £533 2s. Cash in hand £4 4s. State the above in the form of a Balance Sheet, showing A. Woodall's capital. **2.** Open the Ledger with the above balances. Enter the transactions in the proper subsidiary books, post, balance (bringing the balances down), and extract the T.B. Beale & Co. had contracted to deliver 1,200 tons of coal at 16/- per ton. Delivery to be made as and when desired by A. Woodall on or before 30th June, 1912. Payment to be made net monthly on the 10th of each month following delivery.

Apl. 1.	Paid by cheque, Interest due on Mortgage (less tax). Sold to Builders' Supply Co. 400,000 Best Bricks @ 30/- per 1,000 delivered.
,, 5.	Drew chq. for Salaries, Wages & Small Payments, £150.
,, 6.	A. Bear's acceptance duly met at Bankers.
,, 8.	Beale & Co. delivered 100 tons of Coal under contract.
,, 10.	Recd. cheque from Builders Supply Co., £58 6s. 8d., and their acceptance dated April 10th at two mos. for bricks sold to them on April 1st.

Apl. 10. Paid by cheque the following Accounts :—Beale & Co. (amt. now due); Dark Forge Co. on account £100; Eastern Machy. Co., less 2½% dis.; Earl & Co. net.

,, 12. Drew chq. for Salaries, Wages & Small Payments £150.
Bot. of Earl and Co. 100 yards Sea Sand @ 5/6 per yd.
Carr & Sons entered into a contract to purchase 1,000,000 bricks at 18/- per 1,000 in yard. Delivery to be made as desired by Carr & Sons on or before 31st July, 1912. Payment to be made on the 20th of each month following delivery.

,, 13. Bankers placed to credit of a/c. proceeds of accept'ce of Builders' Supply Co. under dis. at the rate of 6% p.a.

,, 15. Sent to Duke & Sons acceptance at two months from this date for the amount due.
Bot. of Dark Forge Co. :—Sundry Hooks and Chains £23 3s. 4d., Wire Rope £4 8s. 8d.
C. Strike's acceptance duly met at Bankers.

,, 19. Recd. from C. Strike his acceptance dated April 17th at 2 months for the amount of his a/c., which was at once placed under discount at the Bankers, who charged £2 16s. 4d.

,, 20. Sold to C. Strike :—100,000 Best Bricks @ 30/- deliv'd.
150,000 Seconds @ 24/- do.
Drew chq. for salaries, Wages & Small Payments £150.
Beale & Co. delivered 100 tons Coal under contract.

,, 22. Bought from G. Dimmock :—2 Horses for £45, Stock of Fodder for £25.

,, 24. G. Dimmock pd. by cheq. the amount due by him, net.
Eastern Machy. Co.'s draft duly paid by Bankers.

,, 26. Drew chq. for Salaries, Wages & Small Payments, £250.

,, 27. Beale & Co. delivered 50 tons Coal under contract.
Agreed to accept from A. Bear a composition of 15/- in the £ on the amount of his total indebtedness, to be paid as to one-third in cash and the balance in equal guaranteed acceptances at 1 and 2 mos. respectively. The amount to be paid in cash was received and duly paid into the Bank.

,, 30. Recd. from A. Bear two acceptances dated April 27th in accordance with the terms of the composition.
Recd. from Midland Rly. Co. account for carriage of bricks, £288 6s. 8d.

The delivery books showed that Carr & Sons had, during the month, taken delivery of 300,000 bricks. The payments out of Cash during the month were :—Wages of Labourers and Burners £362 18s.; Wages of Engineers & Mechanics £54 6s. 6d.; Wages of Carmen £33 16s.; Salaries £36 12s. 6d.; Oil Waste, &c., £12 13s. 3d.; Repairs to Machinery £5 9s. 8d.; Upkeep of Kilns £18 3s. 9d.; Horse Keep £42 8s.; Trade Expenses, Stationery, &c., £8 8s. 4d.; Personal Drawings £108 8s.

3. What are the advantages of Book-keeping by Double Entry? State the books generally employed and explain their uses. **4.** Explain the following terms :—Account Payee, Bill of Entry, Dock Warrant.

London Chamber of Commerce. (*Junior*, 1914.)

1. Messrs. G. Brown and M. Letts carried on business in partnership. On 3rd Jan., 1914, after taking stock and making adjustments, their books disclosed Assets and Liabilities as follows :—Bills payable : A. Jones, due Jan. 8, £351 6s. 8d.; C. Lesley, due Jan. 22, £233 5s. 2d.; C. Lesley, due Feb. 22, £233 15s. 1d.; Sundry Creditors on open a/cs. : C. Lesley, £163 2s. 1d.; G. Lea, £299 18s. 7d.; Gas A/c. £9 18s.; Electric Light A/c. £10 2s.; Goodwill, £950; Cash at City Bank, £825 1s. 1d.; Sundry Debtors on open a/cs. : H. Eadie, £201 19s.; L. Wem, £421 17s. 6d.; Raymond & Lingley, £198 3s. 4d.; Stock on hand, £1860. There was a contingent liability for bills under discount at the City Bank, viz. :—H. Eadie, due Jan. 15, £231 18s. 4d.; L. Kent, due Jan. 20, £94 6s. The capital was apportioned as to three-fifths to G. Brown and two-fifths to M. Letts. Open the Ledger. The custom of the firm was to make all entries in a rough diary from which they were entered into the proper subsidiary books and duly posted to the Ledger. At the close of each month a Trial Balance was made. The following entries appeared in the diary for the month of Jan., 1914. Perform the work which would be done by the book-keeper. *All cheques were paid into the bank, but cash receipts were used for small cash payments.*

Jan. 5. Sold to L. Wem : 80 prs. Witney Blankets @ 29/6 a pr. (invoice for which was dated forward to March, 1914). $42\frac{5}{12}$ doz. Serviettes @ 8/- a doz. 12 doz. Linen Tea Cloths @ 3/9 each. Packing 10/-. A Receiving Order in Bankruptcy made against L. Kent. Meeting of creditors at Bankruptcy Buildings on 14th inst.

,, 7. Sold for cash, job lots of nainsook : 3 pcs. 24 yds. each @ 6½d. a yd. 4 pcs. 20 yds. each @ 5¼d. a yd. 12 pcs. 24 yds. each @ 5¾d. a yd.

,, 8. Consigned to A. Bergen, of Trondhjem : 50 prs. of Blankets @ 32/6 a pr. 50 prs. of Blankets @ 29/6 a pr. 40 prs. of Blankets @ 26/3 a pr. A. Jones' bill met at Bankers.

,, 9. Purchases from A. Jones : 100 prs. Blankets @ 21/6 a pr. 30 prs. Blankets @ 19/4½ a pr.

,, 10. Paid Wages £7 12s., handed to Petty Cash Clerk £3.

,, 12. Drew at 3 mos. on L. Wem for the amount of his open a/c. now due.

,, 14. L. Kent adjudicated bankrupt. Liabilities, £4300. Assets, nil. H. Eadie paid by cheque the amount of his a/c., less 5% dis.

,, 15. Recd. L. Wem's acceptance, which was placed under dis. at the City Bank, who charged for dis. £4 14s.

,, 17. Drew cheque for cash, £9 12s. Paid wages, £7 12s. Handed to Petty Cash Clerk, £2.

,, 19. Drew on A. Bergen at sight for 3000 Krone, and handed draft to City Bank for collection (see Jan. 28). Sent acceptance to C. Lesley for the amount of his a/c.

Jan.20. Sold to H. Eadie: 12 pcs. nainsook, in 2 pcs. each of following lengths:—20, 22, 24, 21½, 20½, and 18 yds. @ 1/0½ yd. 6½ doz. satin down Quilts @ 18/- each. 8 only large satin down Quilts @ 33/3 each. 6 doz. Tray Cloths, embroidered, @ 28/4½ a doz. 5 doz. Tray Cloths, plain, @ 14/8 a doz. Packing 3/-.

,, 21. Purchased of C. Lesley for £25, Calico in bulk at average 4¼d. a yd., also 1 gross Tray Cloths @ 11/4 a doz. ½ gross Fancy Tea Cloths @ 2/10 each.

,, 22. Paid by cheque G. Lea's a/c., less 2½% dis. C. Lesley's bill met at Bankers.

,, 24. Drew cheque for cash, £10. Paid wages, £7 10s. Handed to Petty Cash Clerk, £2 10s.

,, 26. Sold for cash, job lots, £18 6s. 8d.

,, 27. Recd. from Raymond & Lingley their acceptance, dated Jan. 24, at 1 mo. for the amount of their a/c.

,, 28. City Bank credited a/c. with £165, proceeds of draft on A. Bergen.

,, 29. Paid by cheques, Gas a/c. £9 18s., and Electric Light a/c., £10 2s.

,, 31. Drew cheques for personal use: G. Brown, £48, M. Letts, £32. Paid Wages, £7 15s. Handed to Petty Cash Clerk, £2 5s. The Petty Cash Expenditures during the month were—Trade Expenses £5 12s. 6d., Cash Purchases £2 3s. 4d.

2. The Petty Cash Clerk in a firm of Umbrella makers commences each month with a balance of £40. Prepare a Petty Cash Book in columnar form and enter therein the following items of expenditure in the month of Feb., 1914:—Week ended Feb. 7—Postage 25/-, Telegrams 9/6, Housekeeper, for Cleaning and Fuel 30/6, Cash Purchases 20/3, Adverts. 35/-, G. E. Rly. 8/3, Small Fares 3/9. Week ended Feb. 14—Postage 31/4, Electrician, for repairs, 31/1, G.W. Rly. 6/4, Telegrams 5/9, Housekeeper 33/-, Cash Purchases 9/2, Adverts, 35/-, Small Fares 4/6. Week ended Feb. 21—Postages 22/6, Telegrams 15/4, Housekeeper 32/3, Adverts, 35/-, Small Fares 6/6. Week ended Feb. 28—Cash Purchases 18/8, G.W. Rly. 11/5, Postages 24/-, Telegrams 4/4, Adverts, 35/-, Small Fares 5/8, G.N. Rly. 17/1, Housekeeper 28/9, Advances to Principals £7 10s. What was the amount of the cheque to be drawn on Mar. 1 in order to reinstate the initial balance? By what term is this system of keeping the Petty Cash a/c. known?

3. Who owes, and to whom is owing, the amount due in the following a/c.? M. Ida, in account with I. M. Bourne. Feb. 19. Supplied to L. Evelyne, of Bushey, by order of M. Ida, 7 prs. Witney Blankets @ 43/6 a pr.

4. Explain the following terms:—Invoice, Voucher, Mortgage.

London Chamber of Commerce. (*Junior*, 1915).

1. Copperfield & Dombey traded as Wholesale Hosiers. On 1st Jan., 1915, the balance in the Sales, Bought and Private Ledgers were :—Debit Balances : S. Weller, £236 7s. 6d. ; J. Bass, £19 2s. 4d. ; S. Stearforth, £432 7s. 10d. ; Stock, £3450 ; Cash at Bank, £678 2s. 4d. ; Petty Cash, £8 ; Furniture & Fixtures, £350 ; Credit Balances : C. Micawber, £241 10s. 6d. ; B. Dorritt, £76 5s. 10d. ; B/P. (due 15th Jan., 1915, B. Rudge) £141 3s. 8d. ; Reserve for Bad and Doubtful Debts, £70 ; Reserve for Employee's Commission, £45 ; Capital A/cs., D. Copperfield £2300 ; S. Dombey, £2300. Open Bought, Sales and Private Ledgers with the above balances and enter the transactions into the proper subsidiary books, post to the Ledgers and extract a Trial Balance. *All receipts were paid into the Bank.*

Jan. 2. Drew Cheques, Petty Cash £45, Wages £12 10s.
Paid employee's commission out of petty cash, £45.

,, 5. Received from S. Weller cheque for his a/c., less 2½% discount.

,, 6. Purchased from C. Micawber, 300 Men's Cardigan Jackets @ 45/9 per doz. ; 475 Ladies' Sports Coats @ 10/9 each ; 30 doz. Motor Scarves @ 19/- per doz.

,, 7. Received from S. Stearforth his acceptance, at 3 mos., dated 6th Jan., 1915, for half of his A/c. Discounted same with bankers, who charged £3 for dis.

,, 8. Consigned to C. Barkis, of Toronto, the following :— 50 doz. Motor Scarves @ 94/6 doz. ; 200 doz. Men's Cardigan Jackets @ 49/- doz. ; 30 doz. Men's Cardigan Jackets @ 41/- doz. ; Cases £1 1s.
Drew cheques for payments in connection with consignment to C. Barkis ; Carriage £3 10s. ; Insurance £14 10s.

,, 9. Drew cheques for : Petty Cash £5 ; Wages £12 10s.

,, 11. Received cheque from J. Bass for £18 12s. 4d. in settlement.
Sold to S. Weller, 20 sets of Coats and Caps @ 8/9 per set ; 325 doz. Children's Jackets @ 30/- doz. ; 73 doz. Scarves @ 1/11 each.

,, 12. Drew on S. Stearforth at 4 months for the balance of his A/c.

,, 14. Sent cheques in settlement of amounts due to :—C. Micawber, less 5% dis. B. Dorritt less 3¾% dis.
Received from S. Stearforth his acceptance sent to him on 12th inst.

., 16. Purchased from B. Dorritt, 150 Motor Scarves @ 21/6 doz. ; 30 doz. Children's Overalls @ 19/6 doz., and invoiced these goods to S. Stearforth as follows :— Motor Scarves @ 37/6 doz. ; Children's Overalls @ 30/- doz.
Drew cheques for, Petty Cash £5, Wages £12 10s.

,, 19. Sold to S. Carton who gave his cheque in settlement, 15 Ladies' Coats @ 11/- each ; 20 Ladies' Coats @ 10/6 each.

Jan. 20. S. Carton's cheque returned marked R/D.; on notification he sent cash in exchange for cheque.
,, 23. Drew cheque for, Petty Cash £5; Wages £12 10s.
,, 26. Purchased from C. Micawber: 20 doz. Sweaters @ 92/- doz.; 30 doz. Scarves @ 16/6 doz.; 50 doz. Men's Cardigan Jackets @ 9/6 each.
,, 27. Paid cheque £47 10s. to S. Thompson for a New Safe.
,, 29. Received Account Sales from C. Barkis stating that he had paid:—Carriage £3 10s.; Warehouse and Dock Dues £2. The consignment realised £900, the commission on which was £90. C. Barkis sent draft at sight for balance.
,, 30. Drew cheques as follows:—Wages £12 10s.; Petty Cash £5; D. Copperfield £25; S. Dombey £25.
Petty Cash Payments for the month were:—Trade Expenses £12 4s. 6d.; Carriage £7 10s. 4d.; Travelling Expenses £3 4s. 10d.

2. On the 31st Dec., 1914, the Pass Book of Jones & Timson showed a balance of £979 18s. 3d. From the following particulars give the balance that would be shown in the firm's Cash Book on Dec. 31st. Dec. 31 paid to Bank £351 7s. 2d., credited in Pass Book on 1st Jan., 1915. On Dec. 31, the following cheques were drawn:—Jones, £100; Timson, £100; Turveydrop £75; Peggotty, £3 2s. 6d.; Bleak, £4 5s. 6d.; Wages, £213 7s.; Petty Cash, £25; Smith & Sons, £3 10s. Of these only the cheques for Wages and Petty Cash appeared in the Pass Book. On Dec. 31 the Bank had charged for interest £7 5s., which was entered in the firm's Cash Book on 1st Jan., 1915.

3. Explain the terms:—R/D.; Account Sales. **4.** Draw up the Account Sales received by Copperfield & Dombey on 29th Jan., 1915 (see Exercise 1).

London Chamber of Commerce. (*Junior, May,* 1919).

1. B. Ten and C. Crick traded in partnership as the Ten-Crick Silk Weaving Co. On 1st Jan., 1918, their books disclosed the following:—Freehold Land & Buildings, £5000; Machy. & Plant, £2200; Stock, £3750; Cash at Bankers, £1389 18s.; Petty Cash, £25; Walsh & Co. owed £861 3s. 4d.; Stair & Co. owed £330 10s. Bills Receivable:—Carp & Co., due 29th Jan., £426 11s. 8d.; Walsh & Co., due 30th Jan., £621 7s. Bean & Co., creditor, £1433 7s. 5d.; Sport & Co., creditor, £796 6s. 8d.; E. Land, Mortgagee (Loan on Mortgage) £3500. Bills Payable:—Bean & Co., due 8th Jan., £1251 13s.; A. Restall, due 30th Jan., £533 2s. 11d. B. Ten, Current A/c. at credit £60; C. Crick, Current A/c. at credit £30; B. Ten, Cap. A/c., £4500; C. Crick, Cap A/c., £2500. Open Bought, Sales and Private Ledgers with the above, enter the following in the proper subsidiary books, post, and extract Trial Balance on 31st Jan. *All receipts were paid to the Bank.* Jan. 1. Sold to Carp & Co., 25 bales ea. 108 yds. @ 1/8 yd., 30 bales ea. 80 yds. @ 1/7½ yd. Jan. 3. Pd. E. Land ½ year's Int. on Mortgage at 5%, less tax

at 5/- in £ to 31st Dec., 1917. This liability had been omitted when closing the a/cs. for 1917. Jan. 4. Handed to Bankers for Discount all Bills Receivable. Bankers credited amt., charging for discount £5 3s. 8d. Jan. 4. Drew cheque for Petty Cash £200. Paid from Petty Cash :—Wages at Mill, £143 6s. 6d.; Office Salaries, £32 5s.; Office Exs., £15 3s. 9d.; Cash Purchases, £9 4s. 9d. Jan. 6. Purchased from A. Restall, 1200 lbs. various colours at 8/3 lb., subject to 50% war advance. Jan. 8. Stair & Co. paid a/c. less 5% dis. Jan. 10. Purchased from Bean & Co. :—2188 lbs. various colours at 9/1½ lb.; extra charge on 180 lbs. at 3d. lb.; the whole invoice subject to 50% war advance. Jan. 11. Drew Cheque for Petty Cash £225 4s.; Paid from Petty Cash :—Wages at Mill, £151 9s. 9d.; Office Salaries, £36 10s.; Office Exs., £18 1s.; Cash Purchases, £19 3s. 3d. Jan. 13. Sold to Walsh & Co. :—33 bales ea. 116 yds.; 26 bales ea. 115 yds.; all at 2/1 per yd. Jan. 15. Recd. from Walsh & Co. acceptance due 18th March, for amt. of Dec. a/c., less dis. at 2½%, and discounted it with the Bankers, who charged £6 12s. 9d. Jan. 16. Purchased from Sport & Co., various bales entered in Stock Book, page 32, all at £622 3s. 4d. Sold to Stair & Co. :—50 bales ea. 108 yds.; 31 bales ea. 100 yds.; 19 bales ea. 104 yds., all at 1/11½ per yd. Terms, Cash in 7 days less 6¼%. Jan. 17. Purchased at auction, Machinery for £525, and pd. for same by cheque. Paid Sport & Co. on a/c. £500; and accepted Draft at 2 months for balance of their a/c. Jan. 18. Drew Cheque for Petty Cash £211. Paid from Petty Cash :—Wages at Mill £162 3s. 3d.; Office Salaries £36 10s.; Office Exs. £12 6s. 9d. Jan. 20. Sold to Warner & Co., 55 bales ea. 112 yds. at 1/10½ yd.; 38 bales ea. 108 yds. at 1/11½ yd.; 27 bales ea. 108 yds. at 2/1 yd. Jan. 21. Accepted Bean & Co.'s draft for amt. of Dec. a/c. at 2 mos. from 20th Jan. Jan. 22. Carp & Co. returned 270 yds. at 1/8. Sent them Credit Note. Stair & Co. pd. amt. due. Jan. 23. Carp & Co. arranged a Deed of Composition with their creditors, under which they were to pay in cash on the 29th inst., 15/- in the £, in full discharge of their liabilities, all drafts and securities to be handed to the Trustee, G. Train. Jan. 25. Walsh & Co. returned 260 yds. part of the sale on 13th Jan. Sent them Credit Note. Jan. 25. Drew Cheque for Petty Cash £240. Paid from Petty Cash :—Wages at Mill £181 19s.; Office Salaries £36 10s.; Office Exs. £13 11s. 3d.; Cash Purchases £7 19s. 9d. Jan. 29. G. Train, Trustee for Carp & Co., pd. the agreed composition. Jan. 31. Drew Cheques for Current A/cs. :—B. Ten, £160; C. Crick, £80.

2. On 1st Jan., 1919, G. Day purchased the business carried on by H. Carter. He agreed to collect the book debts due to H. Carter and to render a monthly statement with cheque for the amount collected, less 5% commission. The usual dis. was to be allowed if claimed by the customers. The book debts due to H. Carter were as follows :—G. Adam, £98 6s. 8d.; D. Hay, £101 3s. 4d.; L. Darcy, £66 10s.; M. Darwin, £52 5s.; A.

George, £118 6s. 8d. G. Day continued to trade with the same customers and during the month of Jan. his sales were :—G. Adam, £141 13s. 4d.; H. Davis, £92; D. Hay, £119; L. Darcy, £98 10s.; H. Leek, £23 6s. 8d.; A. George, £81 3s. 4d. By 31st Jan. all the above a/cs., old and new, had been paid and a dis. allowed on all payments at the rate of 5%. On 31st Jan., G. Day sent to H. Carter a cheque for the amount due. Show the statement rendered to H. Carter by G. Day.

3. Explain the term "double entry book-keeping." **4.** Explain the difference between a Trial Balance and a Balance Sheet.

Exercise 69. (*Royal Society of Arts, Intermediate,* 1914.)

Q. 1. The undermentioned errors were discovered in the books of John Brown & Co., Ltd., affecting the year ended Dec. 31st., 1913 :—(*a*) June 4th. A cheque received from M. Stein for £10 was posted to his credit as 10s. (*b*) Dec. 27th. Goods returned by E. Hay, which had been invoiced to him at £17 10s., were taken into Stock at £15; but the Returns were not entered in the books until the following month. (*c*) Oct. 1st A purchase amounting to £35 10s. was entered into the Purchase Journal correctly, but was credited to the Personal A/c. as £30 5s. 10d. Show what adjusting Journal entries should be made in order to rectify the above errors in John Brown & Co.'s books.
Q. 2. What constitute the essential differences between a "Trading A/c.," a "P. & L. A/c.," and an "Appropriation A/c."?

Ex. 1. The B/S. of the Bright Coal Co., Ltd., on 31/12/13 :—

Liabilities.			**Assets.**		
Capital :—Nominal :—			Freehold Buildings		£890
5000 Shares of £1 each		£5000	Railway Trucks		2100
			Office Furniture		70
Issued :—4500 Shares of £1 each fully paid		4500	Scales & Sacks		130
			Horses and Vans		390
Sundry Creditors :—			Sundry Debtors :—		
Blank Colliery Co.	190		W. Carter	£18	
White Coal Co.	210		Rowton Corporation	328	
W. Stranson	35		V. Norman	82	
S. Brown	18		J. Wilson	23	
		453			451
Bills Payable :—			Stock on hand		1000
Dumbleton Colliery Co.		300	Cash at Bank		487
P. & L. A/c. (balance)		339	Cash in hand		74

Open the Ledger A/cs. to record the above; and post, through the proper subsidiary books, the following transactions; balance the a/cs. as on 7th Jan., 1914, bring down the balances and extract a T.B. *All cheques paid into Bank. All purchases and sales on credit, except where contrary is stated.*

Jan. 1. Purchased from Dumbleton Colliery Co. 100 tons of Steam Coal at 10s. 3d. per ton.
Sold H. Carver 6 tons of House Coal at 27/6 per ton.
Cash Sales, £18 10s. 6d.

Jan. 2. Paid the Blank Colliery Co. their a/c. less £11 11s. 3d. allowance for short weight. Cash Sales, £9 10s. 6d.
Purchased, out of Cash, Insurance Stamps value 14s.
Sold to Rowton Corporation 80 tons of Steam Coal at 20s. per ton. Jan. 3. Cash Sales, £21 10s.
Received of Rowton Corporation, Cheque £300.
Purchased from the Blank Colliery Co., 200 tons of Coal at 11s. 9d. per ton.
,, 3. Paid Wages in Cash, £15 9s. Received 4d. from each of 10 employees on a/c. of Nat. Health Insurance.
,, 5. Bill payable, £300, due this date, was presented to and paid by, the Bank. Cash Sales, £19 5s.
Paid W. Stranson his a/c., by cheque, less 12s. for corn sacks returned.
Purchased from S. Brown, 2 tons Hay at £6 5s. a ton. Cash Sales, £18.
Received from V. Norman his a/c., by cheque, less £3.
,, 7. Cash Sales, £23 5s. 6d.
Paid into Bank all cash in hand, less £25 retained.
Sold to Rowton Corporation, 120 tons of Steam Coal at 20s. per ton.
(*Total Balances,* £5578 2 9.)

Ex. 2. The Speedy Motor Cab Co., Ltd., had a Nominal Capital of £30,000 divided into 10,000 Ordinary Shares of £1 each, and 20,000 6% Preference Shares of £1 each. Prepare Trading and P. & L. A/cs. for the year ended 31st Dec., 1913, and a B/S. Charge Depreciation on Plant & Machinery, and Fixtures & Fittings, at 10% per ann., and on Taxi-cabs at 5% per ann. Write off one-third of the Preliminary Exs. A/c. Reserve for Renewals £500; for Rates owing £18 7s. 6d., for Insurance paid in advance £170 1s. 6d. The takings of the cabs on 30th and 31st Dec. amounted to £171 8s. 3d., but were not paid in by the Drivers until 1st Jan. **Stock,** 31st Dec., 1913, £1486 10s. 9d.

Dr. Balances—				**Dr. Balances** continued—			
Calls in arrear on Pref. Shares	£8	10	-	Training Drivers	£103	5	4
Stock, 1st Jan., 1913	1305	8	7	Washing & Cleaning Cabs	2606	8	2
Cash in hand	28	9	3	Repairs	1810	12	5
Salaries	1187	10	3	Rent, Rates & Taxes	953	8	7
Tyres	4906	3	11	Lighting	189	5	4
Insurance	1521	8	-	Directors' Fees	250	-	-
General Expenses	278	9	-	Preliminary Expenses	458	9	6
Plant & Machinery	1451	9	-	Legal Exs. & Audit Fee	102	5	3
Fixtures & Fittings	1126	17	-				
Taxi Cabs	28000	-	-	**Cr. Balances—**			
Debtors	89	17	3	Ord. Share Cap. A/c.	10000	-	-
P. & L. A/c., 31 Dec., 1912	748	3	5	Pref. Share do.	18267	-	-
Rent of Taximeters	465	10	-	Bank Overdraft	603	5	4
Licences	312	8	-	Cab Earnings	18697	19	5
Petrol (less Payments by Drivers)	874	8	6	Creditors	710	2	-
				Res. for Renewals, 1st Jan., 1913	500	-	-

Answer.—*Gross Profit* £8852 16 10; *Net Profit* £1330 8 -; *Total of B/S.* £31172 9 5.

Exercise 69a. (*Royal Society of Arts, Intermediate,* May, 1915).

Q. 1. Explain the terms :—(*a*) Company, (*b*) Unlimited Company, (*c*) Limited Company. **Q. 2.** On Oct. 1, 1914, M. Andrew, who owed you £100, accepted a B/E. at 1 month for the amount. Andrew failed to meet the Bill when it came due, and the expenses incurred (5s. 6d.) were debited to your current a/c. by your Banker. Give the entries for your Journal.

Ex. 1. Bloomfield, Parker & Co., Ltd., Produce Dealers, incorporated on Jan. 1, 1912, have a Nominal Cap. of £20000, divided into 10000 Ordinary Shares of £1 each and 10000 5% Pref. Shares of £1 each. 3000 of the Ord. Shares and the whole of the Pref. Shares were issued and fully called up. After closing the books as on Dec. 31, 1914, and preparing the Company's P. & L. A/c., the following T.B. was extracted :—

Dr. Balances—		**Dr. Balances** continued—	
Calls in Arrear on Pref. Shares	£200	Cash at Bank—Current A/c. ...	£1519
Horses, Carts and Motor Vans	4460	Deposit A/c. ...	3300
Fixtures, Fittings & Furniture	1293	Cash in hand	60
Sundry Debtors :—F. Barry ...	68	**Cr. Balances**—	
H. Sells	142	Ordinary Share Capital	3000
K. Murray...	34	Preference Share Capital	10000
M. Christie..	56	Sundry Creditors :—	
Stock on hand, Dec. 31, 1914...	3312	H. Walpole	65
B/R. (F. Barry, due Jan. 3, 1915)	600	F. Thompson	178
Pref. Share Div. A/c. for Interim Div. due and paid July 1, 1914	245	H. Moss	197
		P. & L. A/c. Bal. 31/12/14	1699
		Reserve for Income Tax	150

Open the Ledger A/c. and record the above balances, and post, through subsidiary books the following, in 1915 :—Jan. 1, Paid Cheques to Pref. Shareholders for half-year's Div. due Jan. 1, 1915 (ignore Income Tax); Purchased from W. Walpole, 12 cwt. of Refined Sugar at 30s. per cwt.; Paid Freight by Cash, £27 19s.; Jan 2, Sold to K. Murray, 56lbs. of Coffee at 1s. 4d. per lb.; Received from M. Christie a cheque for the full amount of his a/c.; Purchased from H. Moss, 15 cwt. of Indian Rice at 10s. 2d. per cwt. and paid by cheque his a/c. as on Dec. 31, 1914, less 2½% dis.; Paid Wages by cash, £31 5s., Received 4s. from employees, being N.H. Insurance contributions, and purchased for cash twelve 7d. insurance stamps; Jan. 3, B/R. due this day was dishonoured on presentation at the Bank; Jan. 4, Paid Income Tax, £115 by cheque; Drew and cashed cheque for £50; Purchased new Motor Van for £320, and paid for it by cheque of same date; Sold H. Sells 3 cwt. of Refined Sugar at 36s. per cwt.; F. Barry gave a new acceptance dated Jan. 4, payable one month after date, for £600 plus int. at 5% per ann.; Jan. 5, Sold to M. Christie, 1 cwt. of Cocoa at 1s. 2d. per lb.; Received cheques from H. Sells and K. Murray for the balances of their a/cs. as on Dec. 31, 1914, less 5% dis.; Paid Telephone A/c., £5 6s. 7d.; Received cheque for £100 on a/c. of Calls in arrear. (*Total Balances,* £15026 1 10.)

Ex. 2. A. Adams and B. Brooks were in business as manufacturers, and shared profits and losses—as to two-thirds to

Adams and one-third to Brooks. On Dec. 31, 1914, the following T.B. was extracted. Prepare Trading and P. & L. A/cs. for the year ended Dec. 31, 1914, and a B/S. (*a*) 10% Depreciation is to be written off Plant and Machinery, and 5% off Furniture and Fittings, (*b*) 5% Interest is to be allowed on the Partners' Capital and charged to P. & L. A/c., but no Interest is to be charged on Drawings, (*c*) A Reserve for Bad and Doubtful Debts is to be created, amounting to 5% on the Sundry Debtors, (*d*) £12 10s. is to be carried forward for Rates paid in advance, and £15 19s. 11d. for unexpired Insurance, (*e*) £25 is to be reserved for one quarter's Rent due, (*f*) **Stock,** Dec. 31, 1914, valued at £1499 12s. 2d.

Dr. Balances—				**Dr. Balances** continued—			
Plant and Machinery	£3426	6	8	Postage and Stationery	£36	19	4
Furniture and Fittings	315	10	–	Bills Receivable	197	–	–
Sundry Debtors	4315	6	10	Manufacturing Expenses	98	12	7
Sales Returns	247	4	6	Carriage Inwards	114	1	11
Purchases	7046	16	10	Stock on hand (Dec. 31, 1913)	2162	14	1
General Expenses	121	7	4	Manufacturing Wages	872	14	6
Office Salaries	314	10	–	Cash at Bank	764	7	2
A. Adams, Drawings A/c.	500	–	–	Cash in hand	27	10	9
B. Brooks, ,, ,,	400	–	–	**Cr. Balances**—			
Lighting and Heating	46	11	6	A. Adams, Capital A/c	5161	16	2
Carriage Outwards	127	1	8	B. Brooks ,, ,,	2580	18	1
Fuel and Power	49	8	1	Sundry Creditors	1114	15	9
Rent, Rates and Taxes	184	4	7	Sales	12472	6	4
Insurance	62	1	6	Purchases Returns	119	14	–
Discount A/c. (Balance)	19	–	6				

Answer.—*Gross Profit*, £3549 8 1; *Net Profit*, £1630 7 3; *Bal. of Cap. A/c., A.A.* £6006 16 2; *B.B.* £2853 8 1; *Total of B/S.*, £10000.

Exercise 69b. (*Royal Society of Arts, Inter., June,* 1916).

Q. 1. Explain the advantages which attach to the use of Bills of Exchange by Merchants, and give the form of an Inland Bill of Exchange for £100 payable in three months. **Q. 2.** State where the following transactions should appear in a set of books kept upon the double-entry system :—(*a*) A gas engine, valued at £250, taken as part payment of an a/c. amounting to £490 owing by John Simmons, (*b*) The loss of a £5 note, owing to a street robbery committed upon the cashier.

Ex. 1. The following T.B. was extracted from the books of Graves, Alexander & Co., Ltd., Furniture Manufacturers, on 31st Jan., 1916 :—

Dr. Balances—		**Dr. Balances** continued—	
Dividend A/c.	£300	Cash in hand	£25
Plant and Machinery	419	Cash at Bank	223
Fixtures and Fittings	100		
Stock on hand (31/12/15)	1190	**Cr. Balances**—	
Purchases	550	1000 Ord. Shares of £1 each	1000
Sales Returns	134	1000 Pref. Shares of £1 each	1000
General Exs.	51	P. & L. A/c. (bal. 31/12/15)	450
Salaries and Wages	183	Purchases Returns	73
Discount A/c.	15	Sales	860
Bills Receivable	90	Discount A/c.	10
Carriage	9	Bills Payable	40
Phillip Nares	43	Paul Lester	16
Thomas Tree	90	Lionel Loraine	19
Robert Keys	61	George Tate	15

Open the Ledger A/cs. for the above balances, and post, through subsidiary books, the following, in 1916 :—Feb. 1, Recd. from P. Nares and paid into Bank, £43, less 2½% dis.; Purchased, on credit, from P. Lester, Timber value £13 3s. 3d.; Paid carriage in cash, 9s. 7d.; Sold, on credit, to T. Tree : 6 Dining-room chairs at £1 13s. each, 6 Bedroom chairs at £1 7s. 6d. each, 1 Chest of Drawers, £9 9s.; B/R. for £50 became due and was met; Purchased Timber for Cash, £9 18s. 9d.; Paid in Cash for odd Labour, 16s. 3d.; Drew cheques in settlement of the amts. owing, as on 31st Jan., 1916, to the three creditors, less 2½% dis.; Purchased, on credit, from G. Tate :—Tapestry £17 10s.; Trimmings £3 16s. 6d., Horsehair £1 4s. 5d.. Sold, on credit, to R. Keys :—1 Dining-room Sideboard £9, 1 Dinner Waggon £2 10s., 2 Overmantels at £2 15s. each. Feb 3, Sent Credit Note to T. Tree for overcharge of £1 1s. on Chest of Drawers sold to him on the 1st inst.; Drew and cashed cheque for £20; Advanced £10 in Cash as a loan to Frederick Hawley; Recd. from T. Tree cheque for £50, which was paid into Bank. Feb. 4, Paid in Cash, the following General Exs. :—Cleaning 19s. 5d., Stationery, 15s., Travelling exs. £1 4s. 6d.; Sold on credit, to P. Nares :—2 Library Chairs for £8 each, 1 Hall Stand £7 10s., 1 Chesterfield £15; Paid, in cash, 19s. 6d. for carr. on the above goods, and charged same to Nares. Paid Wages, in cash, £9 16s., less Insce. deductions, 1s. 4d., and purchased Insce. Stamps, 2s. 4d. Balance the Ledger A/cs. and extract a T.B. (*Total Balances* £3553 1s. 2d.)

Ex. 2. W. Pride and E. Ackworth were in partnership as engineers. The Partnership Agreement provided that profits and losses were to be shared equally, and that 5% int. was to be charged on Cap. but not on Drawings. On 31st Mar., 1916, the following T.B. was extracted. Prepare Trading and P. & L. A/cs. for the year ended 31st Mar., 1916, and a B/S. (*a*) 10% Depreciation is to be written off Plant, Machinery, and Fixtures, (*b*) A Reserve for Bad Debts is to be created, amounting to 2½% of the Sundry Debtors, (*c*) A Reserve for a quarter's rent (£50) is to be made, (*d*) Insce. unexpired on 31st Mar., 1916, was £7 3s. 4d., (*e*) **Stock** on 31st Mar., 1916, £1658 14s. 9d.

Dr. Balances—		**Dr. Balances** continued—	
Plant, Machy. & Fixtures	£5672 13 4	Discount A/c. (balance)	£42 7 9
Factory Fuel & Power	54 6 2	W. Price, Drawings A/c.	396 10 -
Office Salaries	374 10 6	E. Ackworth, Drwgs. A/c.	285 14 6
Lighting and Heating	39 5 7	Stock (31/3/15)	2172 11 3
Travelling	92 6 7	Manufacturing Exs.	267 19 8
Carriage on Sales	95 18 9	Sales Returns	742 2 6
Cash at Bank	112 6 6	Insurance	57 6 3
Cash in hand	6 7 3	**Cr. Balances**—	
Sundry Debtors	4796 10 -	W. Price, Capital A/c.	5696 10 -
Purchases	8329 4 1	E. Ackworth „	3626 3 4
Manufacturing Wages	991 9 10	Sales	12617 15 -
Rent, Rates & Taxes	276 14 9	Sundry Creditors	2267 16 9
Office Exs.	271 14 4	Purchases Returns	317 6 7
Carriage on Purchases	89 15 5	Bills Payable	642 3 4

Answer.—*Gross Profit* £2000 13 7; *Net Loss* £500; *Total of B/S.* £11566 11 7.

Exercise 69c. (*Royal Society of Arts, Inter., May,* 1917).

1. What is an "Account Sales?" By whom is it prepared? Give an example. **2.** A. Chandler owed L. Owen £150 6s. 6d. on 1st Jan., 1917. On 2nd Jan., Chandler gave a bill at three months for the amount due. The bill was dishonoured at maturity, but renewed, plus £2 for interest, at one month. Give the entries to record these transactions in L. Owen's Books.

Ex. 1. A. Starling, boot factor, has on 31st Dec., 1916, the following Assets and Liabilities:—**Assets:**—Furniture & Fittings, £148 10s.; Stock, £649 12s. 6d.; Bill Receivable (due Jan. 5) £50; Sundry Debtors:—The Grosvenor Shoe Co., £29 3s. 4d.; A. Foot & Son, £19; J. Richardson, £20 7s. 8d.; Cash at Bank, £194 6s. 6d.; Cash in hand £4 3s. 1d. **Liabilities:**—Loan, £200; Sundry Creditors:—A. Hall & Co., £49 10s.; B. Jan., 1917, he took B. Sparrow into partnership. In accordance with an agreement, the latter paid £500 for a half-share in the business, one-half of which was credited to his Cap. A/c., and Bamforth, £27 3s. 4d.; Paris Footwear, Ltd., £96 15s. On 1st the balance paid out to A. Starling. Open Ledger A/cs. to record A. Starling's position on 31st Dec., 1916, and, assuming that the partnership arrangements were duly carried out on 1st Jan., 1917, post through the proper subsidiary books the following, in 1917:—Jan. 2. Recd. from the Grosvenor Shoe Co. a cheque for the amount due by them, less 2½% dis.; Sold on credit to J. Richardson, one gross pairs of ladies' shoes at 7s. 9d. per pair, and half a gross pairs of children's shoes at 3s. 6d. per pair; Paid by cash 3s. 6d. for window cleaning; Jan. 3. Purchased on credit from A. Hall & Co., 3 gross pairs of ladies' shoes at 6/- per pair, and paid them the amt. due on 31st Dec. by cheque, less 5% dis.; J. Richardson returned, as being imperfect, 14 pairs of children's shoes, sold him on the 2nd inst.; Sold on credit to the Grosvenor Shoe Co., ½ gross pairs of men's boots at 12/9 per pair; Transferred £250 to Deposit A/c.; Jan. 4. Paid by cash, carriage 15/-, and stationery 12/6; Drew and cashed cheque for £10 for office purposes; Purchased on credit from B. Bamforth, 3 doz. pairs of men's slippers at 3/- per pair, and paid him £20 on a/c. by cheque; Jan. 5. Bill Receivable due this day was duly met; Sold on credit to A. Foot & Son, 1 doz. pairs of men's boots at 14/6 per pair, and 2 doz. pairs of ladies' boots at 12/- per pair; A. Starling drew a cheque for £10 for private purposes; J. Richardson pd. his a/c., less 2½% dis.; Jan. 6. Pd. wages in cash, £4 10s.; Sold for cash, 2 pairs of boots at 15/- and 17/6 respectively; Gave Paris Footwear, Ltd., a bill for £50 at 3 m/d. and paid them the bal. of their a/c. by cheque less 5% on the whole amt due to them on 31st Dec. Paid Office Exs. by cash 14/9. *All amts. recd. were pd. into the Bank on the day of receipt.* Balance the Ledger A/cs. and extract a T.B. N.B.—No P. & L. A/c. or B/S. is to be given (*Total balances,* £1527 7 1.)

Ex. 2. On 31st Dec., 1916, the following T.B. was extracted from the books of the Call Manufacturing Co., Ltd. Nominal

Cap. of £20000, divided into 20000 Ord. Shares of £1 each. Prepare Trading P. & L. A/cs. and B/S. (*a*) 10% Depreciaion is to be written off Plant & Machy., and 5% off Furniture & Fittings. (*b*) The Reserve for Bad Debts is to be made up to an amt. equal to 5% of the Sundry Debtors. (*c*) Insurance unexpired on 31st Dec., 1916, was £5 10s. 6d. (*d*) A portion of the premises owned by the Co. was sub-let, as from 1st July, 1916, at an annual rental of £50, but no rent has been paid by the tenant or passed through the books. (*e*) The **Stock** on 31st Dec., 1916, was £4402 1s. 5d.

Dr. Balances—				**Dr. Balances** continued—			
Final Call A/c.	£250	-	-	Travelling Exs.	£96	4	11
Freehold Premises	3200	-	-	Plant & Machy.	1942	13	4
Rates, Taxes & Insce	472	10	7	Repairs	89	14	9
Office & Management Salaries	1292	10	6	Furniture & Fittings	134	6	8
Office Exs.	217	14	11	Cash at Bank	246	9	10
Manufacturing Exs.	192	-	4	Cash in hand	3	4	-
Stock, 31st Dec., 1915	3714	19	-	**Cr. Balances**—			
Manufacturing Wages	6901	1	9	Cap. A/c. (16000 Shares fully called)	16000	-	-
Purchases	10617	15	4	P. & L. A/c. (Bal.) 31st Dec., 1915	217	5	-
Returns Inward	307	12	9	Dis. A/c. (Bal.)	14	7	3
Carr. on Purchases	471	10	4	Sales	20314	17	10
do. on Sales	314	-	11	Returns outward	196	19	5
Sundry Debtors	8617	5	-	Sundry Creditors	3410	5	9
Factory Fuel & Power	172	19	5	Bills Payable	984	8	1
Lighting & Heating	74	16	1	Transfer Fee	-	2	6
Goodwill	2000	-	-	Reserve for Bad Debts	315	9	4
Audit Fee & Legal Exs.	124	4	9				

Answer.—*Gross Profit,* £2535 19 9; *Net Loss,* £417 5; *Total of B/S.,* £20144 13 10.

Exercise 69d. (*Royal Society of Arts, Inter., May,* 1918.)

1. What is meant by the term "Solvency" as applied to a trader? Submit a *pro formâ* statement demonstrating a condition of solvency. **2.** Hugh Dickson accepted a bill (No. 141 for £30) dated 1st Jan., 1918, drawn on him by M. Ravary, payable in three months at the Union Bank, Ltd., London, E.C. Prepare this document as it would appear when duly accepted, and state the tenor and due date of the bill.

Ex. 1. Hugh Dickson has, on 1st Jan, 1918, the following :— **Assets** :—Sundry Debtors :—George Roberts, £159 10s.; William Shean, £92 4s.; Oliver Bell, £71; Cash at Bank, £185 10s. 8d.; Cash in hand, £9 17s. 4d.; Loan to W. Olivers, £100; Stock, £421 8s. 7d.; Plant & Machy., £841. **Liabilities** :—Sundry Creditors: Arthur Robertson & Co., Ltd., £524 10s. 8d.; William White & Bros., £185 10s.; Bill payable (due 3rd Jan., 1918), £152. Dickson took his brother George into partnership, the latter paying in £500 as capital. Open Ledger A/cs. to record the above and post through the proper subsidiary books, the following :—1918. Jan. 1. Drew and cashed a cheque for petty cash, £20. Purchased, for cash, stationery, £3 8s. 6d.; stamps, £1 10s.; and string, 10s. Jan. 2. Purchased, on a/c., from A. Robertson & Co., Ltd., goods, £150, less 10% trade dis. Jan. 3. Instructed Bankers to pay the bill payable due this day. Recd. from W. Olivers half-year's int. on his loan at 5%,

less income tax at 5/- in the £. Jan. 4. Accepted a bill at three months in favour of White & Bros. for the amount of their a/c. Jan. 5. Purchased, on credit, goods from R. Ravary & Sons, £221 18s. 6d. Sold goods, for cash, £10 15s., and paid same into the Bank. Jan. 7. Returned damaged goods to R. Ravary & Sons, £10 12s. 6d. Jan. 8. H. Dickson drew cheque £25 for private purposes. Jan. 9. Sold, on credit, goods to George Roberts, £284, less 5% trade dis. Jan. 10. Paid wages, in cash, £9 10s. Jan. 11. Purchased, on credit, from the Blank Machinery Co., new machine, £200. Jan. 12. George Roberts paid the a/c. due from him on 1st Jan., less 2½% dis. Jan. 15. Sold, on credit, goods to O. Bell, £150. Jan. 17. O. Bell returned goods, £12 10s., as not up to sample. Paid A. Robertson & Co., Ltd., by cheque £200 on a/c. Jan. 21. Sold goods, for cash, £12 18s. 6d., and paid same into the Bank. Jan. 22. Drew and cashed cheque for Petty Cash, £20. Paid, in cash, wages, £19 15s. 8d., and Repairs to Machinery, £8 6s. 8d. Jan. 24. Recd. cheque from W. Shean for the amount of his a/c., less 5% dis. Jan. 25. Purchased, by cheque, £250 5% National War Bonds. Balance the Ledger A/cs. and extract a T.B. No. P. & L. A/c. or B/S. is to be given. (*Total Balances,* £3030 16 1.)

Ex. 2. George McArthur was in business as a dealer in cinematograph films and sundries. On 1st Jan., 1917, he admitted his manager, Robert Smart, into partnership on the following terms:—Each partner was to be allowed 5% interest on Capital (to be credited to his drawings a/c.), but no interest was to be charged on drawings. Smart's drawings a/c. was to be credited with a salary of £250 p.a. if the profits were sufficient after charging int. on capital. Profits and Losses were to be shared as to two-thirds to McArthur and one-third to Smart, and dealt with through the drawings a/cs. On 31st Dec., 1917, the following T.B. was extracted. Prepare Trading, and P. & L. A/cs. for the year ended 31st Dec., 1917, and a B/S. (*a*) Depreciate Lanterns & Electrical Plant 25%, Furniture & Fittings 10%. (*b*) The item "Purchases" includes the cost of a film projector, £100, and this item should be transferred to "Lanterns, etc., A/c." (*c*) The **Stock** of films and sundries on 31st Dec., 1917, was £7924. (*d*) The reserve for bad debts is to be made up to an amount equal to 5% on the Sundry Debtors as on 31st Dec., 1917. (*e*) The office expenses a/c. includes insurance premiums, £40 of which represents unexpired risks, which should be carried forward.

Dr. Balances—		Dr. Balances continued—	
G. McArthur, Drawings A/c....	£562	Travelling Expenses	£195
R. Smart, Drawings A/c.	260	Showroom Rent & Rates	189
Stock (1/1/17)	6842	Office Exs., Rent, Rates & Taxes	944
Lanterns & Electrical Plant...	400	Electrical Current (Showroom)	124
Furniture & Fittings	350	Bad Debts	246
Purchases	10874		
Sales Returns	201	**Cr. Balances—**	
Showroom Wages	982	G. McArthur, Cap. A/c.	6000
Office Salaries	875	R. Smart, Cap. A/c.	1000
Sundry Debtors	8260	Purchases Returns	387
Cash at Bank	321	Sales of Sundries	3204
Cash in hand	10	Rents for Film Hire	13278
Shares in Picture Theatre Co.	2000	Res. for Bad Debts (1/1/17)	350
Bills Receivable	421	Discount & Allowances A/c.	182
Allowances to Film Renters ...	138	Dividend on Shares	200
Showroom Expenses	342	Sundry Creditors	5968
Advertising	1840	Rents recd. from Sub-Tenants...	50
Carriage Outwards	243	Loan from Bankers	6000

Answer.—*Gross Profit*, £5339; *Net Profit*, £507; *Total of B/S.*, £19253.

Exercise 69e. (*Royal Society of Arts, Inter., June*, 1919.)

1. Describe the form and functions of a Bill of Lading. **2.** On 29th Nov., 1918, Andorides Freres, Athens, consigned to W Raleigh, London, 50 cases Turkish Tobacco, each containing 120 lbs., at 4s. per lb. The consignment arrived in London on 31st Dec., and Raleigh accepted a six months' Bill for half the value of the Tobacco, and took delivery in bond. On 4th Jan., 1919, he sold 30 cases to the John & Adam Cigarette Co. for 5s. per lb., receiving payment same day. On 31st Jan., the purchasers requested Raleigh to take the Tobacco out of bond for them, and gave him a 3 months' Bill for the duty, at 8s. 2d. per lb., paid by him. Show the entries in Raleigh's books necessitated by these transactions.

Ex. 1. On 31st Dec., 1918, the X. Trading Co., Ltd., which was registered with a nominal capital of £10000, consisting of 10000 ordinary shares of £1 each, had issued 8000 shares, which were fully paid, with the exception of 5s. per share on 500 shares. The Co. had issued ten 6% Debentures of £100 each. The following balances appeared in the books:—Freehold Premises, £4672; Stock £2115; P. & L. A/c. Debit Balance, £962; Bank Overdraft, £647; Cash, £19; Plant & Fixtures, £1467; Due by:—A. Age, £125; E. Ewart & Co., £92; F. Frost, £401; Due to:—B. Brown, £147; C. Cook & Co., £106; D. Drabble, £48; Debenture Holders, ½ year's Interest, £30. Open Ledger A/cs. to record the above and post through the proper subsidiary books the following. *All moneys recd. were pd. into the bank on the day of receipt, and all payments, except where otherwise stated, were made by cheque.* Balance Ledger A/cs. and extract a T.B. No P. & L. A/c. or B/S. is to be prepared. 1919. Jan. 1. Pd. Debenture Int. (less Income Tax at 6s.). Sold, on credit, 3 gross of articles at 6s. a doz. to F.

Frost. Jan. 2. Gave C. Cook & Co. a bill at 3 mos. for amt. due to them. Sold A. Age, on credit, 500 articles at 2/6 each, less trade dis. of 10%. Purchased from B. Brown, on credit, goods to the value of £497, and pd. him £250 on a/c. Jan. 3. Borrowed £2000 from the Bank, lodging as security the deeds of the premises. Recd. from E. Ewart & Co. the amt. due from them, less 2½% dis. Pd. by cash, office exs., £2 10s. Purchased for cash, fixtures, £14. Jan. 4. Recd. from A. Age amt. due on 31st Dec., 1918, less 2½%. Drew and cashed cheque for cash purposes, £50. Pd. wages by cash, £39. Jan. 6 A. Age returned 47 articles sold him on the 2nd, and was given a credit note. F. Frost pd. £400 on a/c. Jan. 7. Gave B. Brown a bill at 2 mos. for the amt. due to him, plus 5% by way of Int. Jan. 8. Purchased from B. Brown, on credit, 12 gross articles at 125s. a gross. Sold F. Frost, on credit, goods to value of £50. Pd. £55 Sch. A. Income Tax, due 1st Jan., on the premises. Pd. by cash, cartage charges, 30s. Jan. 9. Purchased goods, on credit, from G. Graves, to value of £150, paying him 25% on delivery. Returned to B. Brown ½ gross of articles purchased from him on the 8th, and recd. a credit note. Pd. D. Drabble amt. due to him, less 5% dis. (*Total Balances,* £11824 5s.)

Ex. 2. From the following Trial Balance of a Limited Co., prepare Trading, and P. and L. A/cs. for the yr. ended 31st Dec., 1918, and a B/S. (*a*) **Stock** on 31st Dec., 1918, valued at £2962 9s. 7d. (*b*) Depreciation to be written off:—Plant & Machy. 10%, Fixtures & Fittings 5%, Horses & Carts £100. (*c*) Reserve for Bad Debts to be created amounting to 5% of the Sundry Debtors. (*d*) Rates & Insurance unexpired on 31st Dec., amounted to £49. (*e*) A Commission of 1% on the Gross Profit to be credited to the Works Manager, and a Commission of 5% on the Net Profit (after charging the Work's Manager's Commission) to be credited to the General Manager.

Dr. Balances—		**Dr. Balances** continued—	
Plant & Machy.	£1972 10 –	Purchases	£9716 10 4
Manufacturing Wages	3496 12 –	Sales Returns	316 10 –
Salaries	1596 10 4	Discount A/c.	92 4 1
Fixtures & Fittings	947 6 8	Bad Debts	148 9 6
Carriage Inwards	198 4 7	Int. & Bank Charges	47 10 –
Carriage Outwards	215 6 11	Cash at Bank	754 1 5
Freehold Works	2500 – –	Cash in hand	14 10 2
Manufacturing Exs.	945 14 8		
Rates, Taxes & Insce.	417 10 10	**Cr. Balances—**	
Goodwill	3000 – –	Cap (Nominal 10000 Shares of £1 ea.) 8000 Shares fully paid	8000 – –
General Expenses	814 5 –	Sundry Creditors	5416 10 –
Factory Fuel & Power	127 10 –	P. & L. A/c. (31 Dec, 1917)	743 6 –
Sundry Debtors	7814 10 –	Bank Loan	1000 – –
Lighting & Heating	98 14 7	Purchases Returns	114 5 11
Stable Expenses	247 6 11	Sales	24141 14 5
Stock, 31st Dec., 1917	3417 8 9		
Horses & Carts	516 10 –		

Answer.—*Gross Profit*, £9000; *Net Profit*, £4545 15s.; *Bal. of Profit*, £5061 15s. 3d.; *Total of B/S.*, £19795 11s.

Exercise 69f. (*Royal Society of Arts, Inter., May,* 1920.)
1. What is a post-dated cheque? **2.** J. B. Clark is a Dry Goods Merchant, and deals in ladies' costumes, Scotch tweeds, velvet and silk. Give a ruling suitable for his Sales Book.

Ex. 1. Martin Ravary is a Wholesale Ladies' Costume and Cloth Merchant. On 1st Jan., 1920, his Assets and Liabilities were as follows :—**Assets:** Furniture & Fixtures, £258; Sundry Debtors :—H. Lyons, £104; B. Bryce, £158; C. Allen, £17; P. Wilson, £21; Stock, £1029; Bill Receivable from B. Bryce (due Jan. 15th, 1920), £62; Cash, £15; Bank, £256. **Liabilities:** Sundry Creditors :—M. Herriott, £129; C. Testout, £241; H. Dickson, £36; Bill Payable to H. Dickson (due Jan. 12th, 1920), £150. Open Ledger A/cs. to record the above and post through the proper subsidiary books, the following. Balance Ledger A/cs. as on 22nd Jan., and extract a T.B. 1920 Jan. 1.—Drew and cashed cheque for £100 for Office Cash. Bought for cash 16 Paris model ladies' coats for £47. Jan. 2.—Sold, on credit, to George Dawson, 56 yds. velvet at 30/6 per yd. Jan. 3.—B. Bryce pd., by cheque, £50 on a/c. H. Lyons gave a Bill for 3 mos. for the amt. of his a/c. Bought, on credit, 2 rolls of Scotch tweed at £56 per roll from Robert McGredy & Co. G. Dawson returned 5 yds. of velvet sold him on the 2nd inst., damaged. Jan. 5.—Sold, for cash, two costumes at £6 and £5 10s. respectively. Pd., in cash, Wages £12 and Office Exs. £2 1s. Jan. 8—Bought, on credit, 100 yds. lining silk @ 21/6 per yd. from C. Testout. Jan. 9.—Pd., by cheque, M. Herriott's a/c. less 2½% dis. Jan. 10.—Cash sales to date £38. Sold on credit, 24 costumes at £4 4s. each to P. Wilson, less 5% trade dis. Jan. 12.—H. Dickson's Bill, due this day, was duly met through the bank. Pd. Wages, in cash, £14, and Office Exs. £3 4s. Jan. 14.—Pd., in cash, Carriage £8 6s. Jan. 15.—B. Bryce's Bill, due this day, was duly met through the Bank. Jan. 16.—Bought, on credit, 150 yds. blue serge @ 20/- per yd., from M. Herriott, less 5% trade dis. Gave M. Herriott a cheque on a/c. £50. Jan. 17.—Cash sales for week, £92. Jan. 20.—M. Ravary drew cheque £50 for private purposes. Jan. 21.—Purchased, for cash, 8 doz. coat hangers @ 24/- per doz. (Charge to Furniture & Fixtures). Returned 10 yds. blue serge, purchased on the 16th inst., to M. Herriott, as faulty. B. Bryce pd. £100 on a/c. by cheque. Pd. cheque into Bank. Jan. 22.—Pd. cash into Bank, £100.

Ex. 2. From the following Trial Balance of L. Pirrie, prepare Trading, and P. & L. A/cs. for the year ended 31st Dec., 1919, and a B/S. (*a*) **Stock** on 31st Dec., 1919, £1429. (*b*) Write Depreciation off :—Plant & Machy. 10%, Office Furniture 5%. (*c*) Reserve for Bad Debts to be made up to £400. (*d*) Three days' Wages (amounting to £57) had accrued due, but had not been paid on 31st Dec., 1919. (*e*) Unexpired Insurances, amounting to £68, are to be carried forward to next year (*f*) 5% Int. is to be allowed on Cap., but no interest is to be charged on Drawings.

Dr. Balances—	
Drawings A/c.	£700
Purchases	5221
Sales Returns	182
Stock (1 Jan., 1919)	1146
Salaries	628
Manufacturing Wages	3856
Leasehold Factory	2500
Rent, Rates & Insurance	694
Carriage Inwards	231
Carriage Outwards	324
Office Expenses	228
Factory Expenses	724
Plant & Machinery	2400
Factory Fuel	795
Dr. Balances continued—	
Bills Receivable	£127
Sundry Debtors	3894
Cash at Bank	1240
Cash in hand	221
Office Furniture	350
Travellers' Salaries & Comm...	987
Cr. Balances—	
Capital A/c.	9000
Purchases Returns	424
Sales	14984
Bad Debts Res. (1 Jan., 1919)	324
Dis. A/c. (Balance)	18
Sundry Creditors	1698

Answer.—*Gross Profit*, £4625; *Net Profit*, £1066 10s.; *Capital*, £9816 10s.; *Total B/S.*, £11571 10s.

Exercise 69g. (*Royal Society of Arts, Inter., May*, 1921),

1. How many classes of accounts should you expect to find in the Ledger of a Trader whose books were kept by double entry? Briefly explain the characteristics of each class of account. **2.** Briefly explain the advantages a Trader secures by opening an account with a Banker.

Ex. 1. On 1st Jan., 1921, D. Dennison possessed the following assets: Stock £562; Cash at Bank £721; Petty Cash £15 7s. 6d.; Office fixtures and fittings £97 10s.; Sundry debtors: C. Rambler, £86 15s.; D. Perkins, £17 2s. 6d.; L. Gay, £42 10s. His liabilities were: E. Gray (loan) £150; Sundry creditors: W. Paul, £73 8s. 6d.; W. Easlea, £19 19s. 8d.; J. Jeffries, £98 16s. 10d.; Bill payable (due 6th Jan., 1921) £100. Half-year's accrued interest at 6% on E. Gray's loan was also owing. On 1st Jan., 1921, he amalgamated his business with that of Paul Noel, who brought in, by way of Capital, Stock £100; and Cash (paid into Bank) £400. Open the necessary ledger a/cs. and post the transactions thereto through the subsidiary books. Balance the ledger a/cs. and extract a T.B. as on 29th Jan., 1921. Jan. 1.—Drew and cashed cheque for Petty Cash £35. Jan. 1.—Purchased for cash Stamps £5, and Packing Materials £12 19s. 4d. Jan. 3.—Purchased on credit from W. Paul goods £182 16s., less 10% trade dis. Jan. 5.—Sold on credit to D. Perkins, goods £145 10s. 8d. Jan. 6.—Paid in cash wages and salaries £10 14s. 8d. Bill payable due this day was duly met by Bankers. Jan. 8.—Paid by cheque half-year's interest at 6% on loan from E. Gray, due 31st Decr., 1920, less 6s. in the £ income tax. Returned damaged goods to W. Paul £6 10s. 4d. Jan. 10.—Purchased on credit from J. Jeffries goods £194 12s. 6d. Jan. 11.—Accepted Bill at three months in favour of J. Jeffries for the amt. due to him. Jan. 11.—D. Perkins returned damaged goods £3 12s. Jan. 12.—Sold for cash goods £20 8s. 6d. and paid into Petty Cash. Paid in cash wages and salaries £11 17s. 6d. Jan. 15.—Sold on credit to C. Rambler, goods £87 15s., less 10% trade discount. Jan. 18.—C Rambler paid by cheque which was paid into Bank the amount of his a/c., less 5% cash dis. Jan. 20.—Paid by cheque W. Easlea, the amt. of his a/c., less 5% cash dis. Jan. 24.—

Purchased for cash new Office Furniture, £5 12s. 4d. Jan. 25.—Sold goods for cash £12, and paid into Bank. Jan. 27.—Drew and cashed cheque for Petty Cash £20. Paid salaries and wages £12 18s. 9d.; Packing Materials £12 2s. 4d., and Railway Carriage £9 4s. 2d. Jan. 29.—Purchased by cheque £100 National War Loan Bond, for £84 17s. 6d., including expenses. (*Total Balances*, £2536 3s. 11d.).

Ex. 2. O. Fitzgerald carried on business as a manufacturer of rubber heels and sundries. On 1st Jan., 1919, he agreed to admit C. Testout as a junior partner on the following terms:—A Goodwill A/c. of £3000 was to be opened, and a similar amount credited to Fitzgerald's Cap. A/c. Fitzgerald was to draw £40 per month, and Testout £30 per month. No Interest was to be charged on drawings, but 5% Int. was to be allowed on Capital. Testout was to pay in £3000 in cash, as his Capital. Testout was to be credited with a salary of £250. Profits were to be shared: as to 2/3rds to Fitzgerald and 1/3rd to Testout. The following Trial Balance was extracted from the books Prepare a Factory Working A/c. and a P. & L. A/c. for the year ended 31st Decr., 1919, and a B/S., taking into consideration the following:—(*a*) The following depreciations are to be written off:—Plant and Machinery, 10%; Office Furniture 5%; Motor Lorry 20%; Loose Tools 15%. (*b*) Sundry Loose Tools were made by the firm's workmen, and Wages £92, and Purchases £28, are to be transferred from these a/cs. to Loose Tools A/c. before calculating the above depreciation. (*c*) Stock £4092 (*d*) The Reserve for bad debts is to be made up to £500.

Dr. Balances—	
O. Fitzgerald, Drawings A/c. ...	£480
C. Testout, Drawings A/c.	110
Goodwill	3000
Partnership Salary	250
Plant & Machinery	2840
Loose Tools	520
Sales Returns	108
Purchases	9684
Machinery Repairs	349
Stock (31 Dec., 1918)	3872
Bad Debts	221
Carriage Inwards	462
Carriage Outwards	524
Office Salaries	1948
Office Expenses	362
Travellers' Salaries & Comm....	1486
Factory Power	1642
Bills Receivable	925
Factory Wages	4894
Dr. Balances continued—	
Rents & Rates (factory)	£1278
Do. (office)	163
Factory Expenses	821
Insurance (factory)	248
Do. (office)	29
Cash at Bank	464
Sundry Debtors	9862
Office Furniture	240
Motor Lorry	1400
Cr. Balances—	
O. Fitzgerald, Cap. A/c.	9000
C. Testout, Cap. A/c.	3000
Sales	27580
Purchases Returns	312
Res. for Bad Debts (31/12/18) ...	400
Discount A/c.	84
Bank Overdraft	4000
Sundry Creditors	3206

Answer.—*Gross Profit*, £8746; *Net*, £2475; *Total of B/S.* £21691

Exercise 69h. (*Royal Society of Arts, Inter., May*, 1922.)

1. A.B., of Rangoon, sold three bales of dry goods (for £36, £21, and £18, respectively) which had been consigned to him by C.D., of Manchester. His payments in respect of these goods were: Dock charges, £3 2s. 4d.; Cartage, £3 4s. 7d.; and Insurance, £8. He was entitled to a commission of 2½ per cent. on the gross proceeds. Give the Account Sales which would be

sent by A.B. to C.D. 2. What is meant by the term "double-entry book-keeping"?

Ex. 1. S. Webber, Wholesale Draper, finds his position on 1st Jan., 1922, was as follows: Trade Debtors: R. Green, £782 10s., B. Black, £232 8s. Trade Creditors: V. Brown, £684 3s., W. White, £984 8s. Bill Receivable: F. Grey (due Jan. 4th, 1922), £160; Cash at Bank, £942; Office Cash, £51 15s.; Stock, £1064 18s.; Fixtures and Fittings, £200; Motor Vans, £1200. Open Ledger A/cs. to record the above, and post the following through the proper books:—Jan. 2. Sold on credit to R. Pink. 3 doz. ladies' umbrellas @ 9/9 each, less 10% trade dis. Jan 3. Drew and cashed cheque £50 for office, and paid in cash Wages, £17 2s. 6d.; Office Salaries, £12; Packing Materials, £16 8s. 5d. Jan. 4.—Bill Receivable due this day was paid to Bank. Jan. 5.—Purchased on credit from W. White, 2 doz. costumes, at 49s. 7d. each. Jan. 7.—Sold for cash job lots: 122 yds. Jap. silk @ 3/1 per yd., 16 handbags @ 7/6 each. Jan. 10.—Paid in cash Wages £18 1s. 6d.; Office Salaries £12; Railway carriage £12 14s. 2d. Jan. 12.—Paid by cheque to V. Brown, £450 on a/c. Jan. 14.—B. Black paid by cheque the amount due from him, less 5% cash dis. Jan. 17.—Drew and cashed cheque £80 for Office, and paid in cash Wages £16 10s., and Office Salaries £12. Jan. 18.—Purchased for cash job lines:—300 yds. coating serge @ 2/5 per yd.; 76 pairs silk stockings @ 4/8 per pair. Jan. 19.—Purchased by cheque new show case £56. Jan. 21.—Paid by cheque W. White £243 18s., less 5% cash dis. Jan. 24.—Sold on credit to R. Green, 6 sets of furs @ 10 guineas per set. Jan. 26.—R. Green sent cheque for £500 on a/c. Jan. 28.—R. Green returned one set of furs, invoiced on the 24th inst., as damaged. (*Total Balances*, £4103 6 8).

Ex. 2. The Windyridge Horticultural Co., Ltd., was registered with a nominal capital of 30000 shares of £1 each, of which 12500 shares had been issued and fully called up. From the following Trial Balance on 31st Decr., 1921, prepare Trading, and P. & L. A/cs. for the year ended 31st Decr., 1921, and a B/S. (*a*) Office salaries (£32) had accrued due as on 31st Decr., 1921, but had not been passed through the books. (*b*) Insurance (warehouse) £12 had been paid in advance. (*c*) Interest for the half-year to 31st Decr., 1921, on the Mortgage, had accrued due, but had not been passed through the books (ignore Income Tax). (*d*) Depreciation to be provided: Motor Lorry, 15%; Loose Tools, 25%; Office Furniture, 5%. (*e*) The Reserve for Bad Debts to be increased to £400. (*f*) Stock valued at £4062.

Dr. Balances—	
Goodwill	£5000
Leasehold Warehouse & Offices	5547
Loose Tools	700
Workmen's Wages	2586
Rent & Rates (warehouse, £750; offices, £120)	870
Purchases	9642
Stock (31/12/20)	3861
Sales Returns	39
Carriage Inwards	127
Carriage Outwards	98
Insurance (warehouse, £92; offices, £26)	118
Office Salaries	697
Directors' Fees	450
Motor Lorry	1200
Office Furniture	320
Interest A/c. & Bank Charges...	136
Dr. Balances continued—	
Calls in Arrear	£250
Sundry Debtors	3742
Heating & Lighting (warehouse, £72; offices, £35)	107
Advertising	975
Cash in hand	107
P. & L. A/c. Bal. (31/12/20) ...	1198
Cr. Balances—	
Share Capital A/c.	12500
Sales	17894
Receipts for constructing gdns.	1963
Purchases Returns	94
Discount A/c.	37
Loan on Mortgage at 10%	2000
Sundry Creditors	2520
Bank Overdraft	462
Res. for Bad Debts (31/12/20)...	300

Answer.—*Gross Profit,* £6856; *Net Profit,* £3753; *Total of B/S.,* £19919.

Exercise 69i (*Royal Society of Arts, Inter., May, 1923*).

1. A. Chatenay owed M. Ravary £500, and on 10th Jan., 1922, accepted a B/E. at two mos. Ravary discounted the Bill on 12th Jan., receiving £495 16s. 3d. therefor. On the due date the Bill was dishonoured. Open the ledger a/cs. in the books of Ravary and record the transactions therein. **2.** The following errors were found in the books of C. Drew & Co., affecting the year ended 31st Dec., 1922 :—(*a*) £25, Sales to H. Carver had been posted to his a/c. as £2 5s. (*b*) A purchase of £350 Plant & Machinery had been posted to Purchases A/c. **3.** In the addition of the Returns Inwards Book, a total of £787 had been carried forward as £878. **4.** The Sales Journal had been over-added by £68 5s. Give : (*a*) The adjusting Journal entries necessary to correct these errors. (*b*) The adjusted profit for the year—(the profit before adjusting the errors being £3553 17s. 1d.).

Ex. 1. On 1st Jan., 1923, D. V. Fleet, Tobacconist, possessed assets : Fixtures & Fittings £372 ; Stock £898 ; Debtors : Standard Hotel Co., £178 14s. 2d. ; R. Dunn, £78 2s. 1d. ; Cash at Bank £377 8s. 6d. ; Office Cash £19 10s. 6d. ; B/R. (due 6th Jan.) L. Godiva £50. Liabilities were : Sundry Creditors : H. Hicks £278 14s. 6d. ; Universal Tobacco Co., £472 12s. 4d. ; W. Stone £92 13s. 1d. ; R. Roberts (Loan A/c.) £500. Open a/cs. to record the above, and post the following through the proper books. Jan. 2. Accepted Bill at 3 mos. in favour of the Universal Tobacco Co. for £400. Jan. 3. Purchased on credit from Universal Tobacco Co., 1 gross briar pipes at 3s. 9d. ea., less 10% trade dis. Jan. 4. Cash Sales to date £86 14s. 2d., paid into Bank. Jan. 5. Drew and cashed cheque for office purposes £20. Paid in cash, wages £3 10s. ; Rates £10 8s. 4d. ; Paper and string £3 2s. 6d. Jan. 6. B/R. due this day was paid to Bank. Jan. 7. Paid H. Hicks by cheque amt. of his a/c. less 5% dis. Jan. 9. Sold on credit to Standard Hotel Co.,

2000 Kensitas Cigarettes at 50s. per 1000, less 7½% trade dis.; 12 boxes Larranaga Cigars at 38s. 6d. per box, and 2 doz. pipes at 7s. 4d. ea. Jan. 11. Standard Hotel Co. returned 1 box of Cigars sold to them on the 9th inst. as damaged. Jan. 12. Cash Sales to date paid into Bank, £79 8s. 4d. Jan. 14. Purchased for cash new show case for shop £12 12s. Paid in cash, wages £3 15s.; paper & string £1 11s. 8d. Jan. 16. Sold on credit to R. Dunn 1000 ½ lb. pkts. pipe tobacco at 15s. 9d. per lb., less 10% trade dis. Jan. 18. Recd. from R. Dunn and paid into Bank, cheque on a/c. for £250. Jan. 20. Paid R. Roberts by cheque £250 on a/c. of Loan, and £1 19s. int. to date. Jan. 24. Cash Sales to date, paid into Bank £78 16s. 1d. Paid in cash, wages £2 15. Balance Ledger A/cs. and extract a T.B. (*Total Balances*, £2119 2 1.)

Ex. 2. C. Fitzgerald (⅔rds profit) and A. Colomb (⅓rd profit) are in partnership, and on 1st Jan., 1922, they took their Manager, M. Farmer, into the firm. Farmer to be credited with £500 at the close of each year, as a partnership salary, and with 5% on the net profits prior to division. Trial Balance on 31st Dec., below. Prepare Manufacturing and Profit & Loss A/cs. and a B/S. The following must be taken into consideration:—(*a*) Provide for depreciation: Machinery & Plant, 15%; Office Furniture, 7½%. (*b*) Expenses owing on 31st Dec.: Wages £123; Office Salaries £68; Machinery Repairs £163. (*c*) Interest at 5% is allowed on Cap. Interest on drawings to be charged: Fitzgerald £41; Colomb £28; Farmer £8. (*d*) Provide for 6 mos. int. at 6% due to J. Smith on his Loan on 31st Dec. (*e*) Carry forward £32 Factory Insurance to next year. (*f*) Stock £8787. Loose Tools valued at £1200. (*g*) Reserve 5% on Sundry Debtors for Bad & Doubtful Debts.

Dr. Balances—	
C. Fitzgerald, Current A/c....	£1484
A. Colomb, Current A/c.	863
M. Farmer, Current A/c.	321
Factory & Warehouse	7868
Machinery & Plant	9640
Manufacturing Wages	18767
Loose Tools	1576
Office Salaries & Expenses...	3872
Bad Debts	182
Rates, Taxes & Insurance (Factory £922; Office £240)	1162
Travellers' Salaries & Com.	2326
5% War Loan	967
Purchases	21642
Returns Inwards	324
Audit Fee.....	55
Carriage Inwards	393
Carriage Outwards	635
Cash in hand	78
Cash at Bank	236
Stock (31/12/1921)	5249

Dr. Balances continued—	
Sundry Debtors	£9760
Manufacturing Expenses	2684
Factory Power & Light	978
Machinery Repairs	617
Interest A/c.	150
Office Furniture	520
Cr. Balances—	
C. Fitzgerald, Cap A/c.	10000
A. Colomb, Cap. A/c.	8000
6% Loan A/c. (J. Smith)	5000
War Loan Interest	38
Sales	57150
Returns Outwards	424
Discount A/c. (Balance)	189
Bad Debts Reserve (31/12/21)	400
Sundry Creditors	9235
Apprentices' Premiums	300
Bills Payable	1265
Factory space & power sublet	350

Answer.—*Gross Profit*, £14876; *Net Profit*, £4233 4s.; *Total of B/S.*, £37115.

Exercise 69j. (*Royal Society of Arts, Inter., June,* 1924.)

1. On 1st Mar., 1924, H. Dickson sold the following, on credit, to Q. Alexander :—10 Indian sq. carpets at £6 12s. ea., 40 pieces cotton sheeting at £5 per piece, 10 cases fancy goods at £3 14s. per case; all subject to 10% trade dis. On 6th Mar. Alexander returned two carpets and one case fancy goods as damaged. Dickson divides his business into three departments, *i.e.,* Carpets, Cottons, and Fancy Goods, and arranges his book-keeping accordingly. Record the sale and return of the above goods as they would appear in H. Dickson's books. **2.** Explain : Above par, Order cheque, A/c. sales, Negotiable instrument.

Ex. 1. C. Casson and G. Emblem are wholesale grocers, their capital being equal. In addition to capital a/cs., the following balances stood in the books on 31st Dec., 1923 :—Stock, £1026; Cash at bank, £790; Cash in hand, £68; Fixtures & fittings, £428; Motor vans, £1057. Sundry creditors : B. Uprichard & Sons, £106; J. B. Clark, £138. B/P., C. Christie (due 6th Jan., 1924), £100; Landlord (rent due 25th Dec., 1923), £250. Sundry debtors : A. Chatenay, £87; C. Testout, £29; C. Hayward, £109. Open ledger a/cs. and post thereto, through the proper books, the following :—Jan. 1. A. Chatenay paid, by cheque, amt. due from him, less 5% cash dis. Jan. 2. Paid by cheque, the rent due to landlord. Jan. 3. Purchased, for cash, job lot of dried fruit, £42. Jan. 4. Drew and cashed cheque, £100, and paid into office cash. Jan. 5. Sold, on credit, to C. Testout, 2 gross tins "Blue & Black" coffee at 24s. 6d. per doz. tins, 8 cwt. sugar at 32s. 6d. per cwt., 10 cases dried fruit at 1s. 6d. per box (ea. case containing 20 boxes), and 2 chests of tea at 26s. per chest. The whole invoice subject to 10% trade dis. Jan. 6. Bankers duly met B/P. due this day. Jan. 8. Paid, in cash, wages, £17 12s. 6d.; railway carr., £9 14s. 10d.; and packing materials, £7 4s. 1d. Jan. 9. Purchased, on credit, from the West Indies Supply Co., 30 cases lime juice at 1s. 2d. per bottle, ea. case containing 2 doz. bottles, less 10% trade dis. Jan. 10. C. Testout returned, as damaged, one chest of tea supplied on the 5th inst. Jan. 12. Accepted bill, at 3 mos., in favour of J. B. Clark for the amt. due to him. Jan. 15. Paid, in cash, wages, £18 4s. 5d.; packing materials, £3 19s. 4d.; and new desk and showcase for office, £37 10s. Jan. 19. Sold, for cash, 56 lbs. of tea at 1s. 9d. per lb., and charged 5s. for boxes. Jan. 20. Paid, by cheque, B. Uprichard & Sons the amt. of their a/c., less 5% cash dis. Jan. 22. C. Casson and G. Emblem drew, by cheque, £20 ea. for private purposes. Balance Ledger, bring down Balances, and extract T.B. (*Total Balances,* £3,235 18s.)

Ex. 2. Berkshire Contractors, Ltd., was registered in 1920 with a nominal capital of £100000 divided into 100000 shares of £1 ea., of which 75000 shares had been issued and fully called. The T.B. of the Co., as on Dec. 31st, 1923, given below. Prepare Working and P. & L. A/cs. and B/S. (*a*) On Dec. 31st, 1923, the following valuations were made : Stock (stores and materials)

£3741. Value of work done on uncompleted contracts on hand, £3000. (*b*) Depreciation :—Machinery & Plant, 10%; Office furniture, 5%; Loose tools, 20%. (*c*) The Reserve for Bad Debts is to be further increased by a sum equal to ½% on the Sundry Debtors. (*d*) Reserve £250 for fees due to directors. (*e*) Insurance paid in advance :—Works, £226; Office, £15. (*f*) Write off balance of Preliminary Exs.

Dr. Balances—		**Dr. Balances** continued—	
Freehold Works	£25200	General Expenses (Works, £2976; Office, £201)	£3177
Machinery & Plant	42860	Interest and Bank Charges	424
Loose Tools	1880	Stock (stores & materials, 31/12/22)	7896
Purchases (stores & materials)	24787	Office Furniture	680
Workmen's Wages	36974	Preliminary Exs. (balance)	526
Office Salaries	2796		
Directors' Fees	750	**Cr. Balances—**	
Repairs to Machinery & Plant	976	Share Capital A/c.	75000
Rates & Insurance (Works, £2268; Office, £141)	2409	Contracts Executed	76842
Office Expenses	1527	Reserve A/c.	3000
Sundry Debtors	17800	P. & L. A/c. Bal. (31/12/22)	891
Returns	296	Sundry Creditors	10647
Carriage Inwards	1576	Returns	1242
Carriage Outwards	941	Bank Overdraft	6684
Discount A/c. (Balance)	397	Bad Debts Reserve (31/12/22)	850
Cash in hand	1284		

Answer.—*Gross Profit*, £6361; *Net Loss*, £5421; *Total of B/S.*, £95581.

Exercise 69k. (*Royal Society of Arts, Inter., May*, 1925.)

1. In the olden times when no banks existed, traders were obliged to settle their liabilities by actual cash payments. In these days the majority of traders open a Current A/c. with a bank. Compare the advantages enjoyed in this respect by the modern trader as compared with his predecessors. **2.** Explain : Bank Rate, Gross Loss, Freight, Interest on Capital.

Ex. 1. B. Uprichard holds 2/3rds Capital and W. Richardson 1/3rd as Wholesale Drapers. Uprichard lent the firm £500 at 6% int. The following balances stood in the books of the firm on Jan. 1st, 1925 :—Stock, £2,742; Cash at bank, £1,598; Cash in hand, £124; Furniture and Fixtures, £376; Int. due to Uprichard (Loan A/c.), £15; Bill Payable (R. Smith, due Jan. 10th), £150; Sundry Creditors: W. F. Dreer, £341; A. Alexandra, £96; M. Morse & Sons, £116. Sundry Debtors: B. Job, £384; R. L. Day & Co., £127; K. Kayon, £181. Open Ledger A/cs. and post thereto, through the proper books, the following :—Jan. 1. Paid, by cheque, int. due to Uprichard. Jan. 3. Purchased, for cash, job lot of packing materials, £14 8s. 9d. Jan. 5. Sold, on credit, to B. Job, 23 opera cloaks at £5 5s. ea., and 12 seal coney fur collars at £3 18s. 6d. ea., and charged him 23s. for packing, less 10% trade dis., on the whole invoice. Jan. 7. Paid, in cash, Wages, £36 8s. 7d., Office Expenses, £3 7s. 5d., and Rly. Carr. £13 4s. 1d. Jan. 9. R. L. Day sent a Bill Receivable for £100 and a cheque for £25 in settlement of his a/c., claiming £2 as dis., which was allowed. Jan. 10. Bill Payable, due this day, was duly met by Bankers.

Jan. 11. Purchased, on credit, from M. Morse & Sons, 6 rolls Donegal tweeds (56 yds. per roll) at 6s. 8d. per yd., and 1½ gross ladies' felt golf hats at 38s. 6d. ea. Packing charges, £3 4s., less 10% trade dis. on the whole invoice. Jan. 14. Paid, in cash, Wages, £37 4s. 1d., and Office Exs., £4 7s. 4d. Jan. 15. Accepted B/P. in favour of M. Morse & Sons for £250 at 3 mos., and paid the balance of their a/c., by cheque, less £15 allowed as cash dis. Jan. 17. The partners drew, by cheque, £25 each for private purposes. Jan. 19. Sold for cash (which was not paid into Bank), 12 Witney blankets at 12s. 6d. per pr. Jan. 22. Purchased, and paid for by cheque, typewriter, £27 10s., and Strongfast safe, £52 10s. Jan. 23. Drew, and cashed cheque for £50, and paid in cash, Wages, £38 4s. 1d., and Office Exs., £3 17s. 8d. Jan. 24. Paid, by cheque, A. Alexandra, amt. due to him less 5% cash dis. Balance the Ledger A/cs., and extract T.B. (*Total Balances,* £5,578 13s.)

Ex. 2. The Altwood Wireless Engineering Co., Ltd., with a nominal capital of £100000, divided into 100000 Shares of £1 ea.. The T.B. of the Co. as on Dec. 31st, 1924, given below. Prepare Working and P. & L. A/cs. and a B/S. (*a*) Depreciation is to be provided:—Machinery & Plant 10%; Office Furniture, 6%. (*b*) Expenses paid in advance: Insurance (Factory), £72; Rates (Factory), £39. Expenses owing: Wages, £184; Office Salaries, £121. (*c*) The Reserve for Bad Debts to be made equal to 5% of the Sundry Debtors. (*d*) 50% of the loan to R. Smith (a former Manager) is to be written off as bad. (*e*) Six months' int. on the Debentures, due Dec. 31st, 1924, has not been provided for. (*f*) Stock, £35762; Motor Lorries valued at £2998.

Dr. Balances—	
Freehold Factory	£45600
Bills Receivable	1785
Stock (31/12/23)	38971
Machinery & Plant	31640
Investments	9875
Debenture Interest A/c.	625
Directors' & Auditors' Fees	1450
Office Furniture	750
P. & L. A/c. (Bal. 31/12/23)	1327
Sundry Debtors	10740
Purchases	106943
Factory Wages	15876
Office Salaries	3241
Office Expenses	768
Rates & Taxes (Factory, £1028; Office, £295)	1323
Power, Lighting & Heating, (Factory)	2364
Insurance (Factory, £387; Office, £62)	449
Dr. Balances, continued—	
Sales Returns	£421
Cash	324
Carriage Inwards	1386
Carriage Outwards	994
Motor Lorries	3846
Loan, R. Smith	500
Cr. Balances—	
Share Capital A/c.	75000
Reserve A/c.	10000
5% Mortgage Debentures	25000
Sundry Creditors	10185
Sales and Work done	152396
Purchases Returns	978
Bank Overdraft	3787
Bad Debts Res. (31/12/23)	500
Interest on Investments	421
Bills Payable	2931

Answer. *Gross Profit,* £21687; *Net,* £9583; *Total of B/S.* £136089.

Key to Ex. 69d.

Dr. Trading A/c. of McArthur & Smart, Cr.

for the year ended 31st December, 1917.

	£	£		£	£
To Stock, 1st Jan., 1917 ...		6842	By Sales of Sundries.....	3204	
„ Purchases (*Less* £100 projector)	10774		*Less* Returns	201	3003
Less Returns.....	387	10387	„ Rents for Film Hire...		13278
„ Showroom Wages		982	„ STOCK		7924
„ „ Expenses ...		342			
„ „ Rent&Rates		189			
„ Electric Current— Showroom		124			
„ GROSS PROFIT		5339			
	£	24205		£	24205

Dr. Profit and Loss A/c., Cr.

for the year ended 31st December, 1917.

	£	£		£
To Office Expenses, Rent, Rates and Taxes	944		By Gross Profit from Trading A/c.	5339
Less Unexpired Insurance Premium	40	904	„ Discount and Allowances	182
„ Office Salaries...		875	„ Rents from Sub-Tenant	50
„ Allowances to Film Renters...		138	„ Dividend on Shares...	200
„ Advertising		1840		
„ Carriage Outwards		243		
„ Travelling Expenses		195		
„ Bad Debts A/c.	246			
Add Reserve	413			
	659			
Less Cr. Balance	350	309		
„ Depreciation—				
Lanterns & Electrical Plant	125			
Furniture & Fittings	35	160		
„ Interest on Capital		350		
„ R. Smart's Salary.....		250		
„ NET PROFIT :—				
G. McArthur, $\frac{2}{3}$rds	338			
R. Smart, $\frac{1}{3}$rd.....	169	507		
	£	5771		£ 5771

Dr. **TRADING ACCOUNT** of **John Pearson** for the year ended 31st December, 1910. Cr.

	£ s. d.	£ s. d.		£ s. d.	£ s. d.
To Stock, 1st Jan. ...		2721 14 1	By Sales	20332 1 6	
,, Purchases .....13728 - 6			*Less* Returns	742 7 8	19589 13 10
Less Returns..... 757 16 5		12970 4 1			
			,, STOCK		2994 14 7
,, Wages		1646 13 10			
,, Carriage		1421 10 7			
,, GROSS PROFIT c/d.		3824 5 10			
	£	22584 8 5		£	22584 8 5

Dr. **PROFIT & LOSS ACCOUNT** for the year ended 31st December, 1910. Cr.

	£ s. d.	£ s. d.		£ s. d.
To Rent	150 - -		By Gross Profit from Trading A/c.	3824 5 10
Add 1 Quarter owing.....	50 - -	200 - -	,, Discount	4 9 7
,, Rates & Taxes	127 4 6			
Less Amount Prepaid.....	14 8 7	112 15 11		
,, Insurance.....	30 5 2			
Less Amount Prepaid.....	7 - -	23 5 2		
,, Travelling Expenses		156 14 2		
,, Repairs & Renewals.....		248 2 1		
,, Stable Expenses		192 1 4		
,, Salaries.....		346 2 3		
,, Water & Gas		126 2 7		
,, General Expenses.....		463 11 10		
,, Bad Debts	89 4 -			
Add Reserve.....	500 - -			
	589 4 -			
Less Cr. Balance of Reserve ...	150 - -	439 4 -		
,, Depreciation :—				
Fixtures, Fittings, 5%	18 15 5			
Plant & Machinery, 10%	84 15 -			
Horses & Carts, 15%.....	53 10 3	157 - 8		
,, Interest on Capital		450 - -		
,, NET PROFIT		913 15 5		
	£	3828 15 5		£ 3828 15 5

BALANCE SHEET of **John Pearson** on 31st December, 1910.

Liabilities.	£ s. d.	£ s. d.	**Assets.**	£ s. d.	£ s. d.
Sundry Creditors		1099 10 10	Cash in hand		46 7 1
Bank Overdraft ...		122 2 2	Bills Receivable.....		929 1 1
Rent due—			Sundry Debtors	5771 4 1	
1 Quarter		50 0 0	*Less* Res. for B.D. ...	500 - -	5271 4 1
CAPITAL :—					
John Pearson,			Stock on hand		2994 14 7
1st Jan., 1910 ...	9000 - -		Furniture & Fittings ...	375 8 9	
Add Interest ...	450 - -		*Less* Depreciation 5%	18 15 5	356 13 4
Add Net Profit	913 15 5				
	10363 15 5		Horses & Carts	356 14 11	
Less Drawings	950 - -	9413 15 5	*Less* Depreciation 15%	53 10 3	303 4 8
			Plant and Machinery ...	847 10 -	
			Less Depreciation 10%	84 15 -	762 15 -
			Amounts Prepaid—		
			Rates & Taxes	14 8 7	
			Insurance	7 - -	21 8 7
	£	10685 8 5		£	10685 8 5

PETTY CASH BOOK. (See page 67.)

Cash Received. £	s.	d.	Date.	Particulars.	Voucher No.	Totals. £	s.	d.	Cartage and Carriage £	s.	d.	Travelling. £	s.	d.	Stationery. £	s.	d.	Postages and Telegms £	s.	d.	Sundry Stores. £	s.	d.	Petties. £	s.	d.
			1924.																							
20	-	-	Jan. 1	To Cash	CB1																					
			,, 2	By Carriage—Cook & Co.	1	-	15	6	-	15	6															
			,, 2	,, Telegrams		-	2	9										-	2	9						
			,, 3	,, Gratuities		1	5	6																		
			,, 3	,, Tram Fares		-	-	9				-	-	9										1	5	6
			,, 5	,, Postage Stamps		2	10	-										2	10							
			,, 6	,, Teas		-	8	6																-	8	6
			,, 7	,, Carriage—F Jones	6	-	1	10	-	1	10															
			,, 8	,, Cab Fare—H. Burt		-	4	6				-	4	6												
			,, 9	,, Labels—T. Sykes	9	-	15	-							-	15	-									
			,, 10	,, Matches		-	-	3																-	-	3
			,, 10	,, Asbestos—T. Marsden	11	-	18	6													-	18	6			
			,, 12	,, Cartage		-	10	-	-	10	-															
			,, 14	,, Twine—J. Holmes	15	-	2	6																-	2	6
			,, 15	,, Postal Wrappers		1	16	8										1	16	8					
			,, 16	,, Railway Fare to Eccles		-	5	10				-	5	10												
			,, 17	,, Carriage—F Potts	19	-	8	6	-	8	6															
			,, 20	,, Post Cards		-	5											-	5							
			,, 22	,, Oil—J. Thorpe	24	1	3	6													1	3	6			
			,, 26	,, Pens		-	3	6							-	3	6									
			,, 31	,, Newspapers	32	-	7	6																		
12	1	1	,, ,,	To Cash, Disbursements	CB2																			-	7	6
			,, ,,	By Balance c/d		12	1	1	1	10	10	-	11	1	-	18	6	4	14	5	2	2	-	2	4	3
						20	-	-																		
£32	1	1				£32	1	1																		
20	-	-	Feb. 1	To Balance b/d																						

ACCOUNT CURRENT. (See par. 503.)

Messrs. Owen & Dew, New Orleans.

In Account with **Charles Mee & Co., Ltd.,** London.

Dr. Interest @ 5% per annum to 30th June, 1925. **Cr.**

		Principal			Days	Interest.						Principal			Days	Interest.		
1925		£	s	d.		£	s.	d.	1925			£	s	d.		£	s.	d.
Jan. 1	To Balance b/f	676	6	3	181	16	15	6	Feb. 5	By A/S. of Cotton		767	17	9	145	15	5	1
,, 31	,, Cash paid to meet your Sight Draft	16	10	-	150	-	6	10	May 11	,, Ditto		820	15	-	50	5	12	6
Feb. 4	,, Acceptance of your Draft due 4th April	250	-	-	87	2	19	7	June 30	,, *Interest in red*						* 1	4	-
,, 23	,, Cash Paid to meet your Sight Draft	61	5	-	127	1	1	3		,, Balance of Interest						2	7	11
April 4	,, Acceptance of your Draft due 4th June	250	-	-	26	-	17	10		,, *Balance c/f*		166	8	11				
,, 6	,, Cash paid to meet your Sight Draft	134	2	-	85	1	11	3										
May 6	,, Ditto	114	10	6	55	-	17	3										
June 4	,, Acceptance of your Draft due 4th August	250	-	-	35	* 1	4	-										
,, 30	,, Balance of Interest	2	7	11														
		£ 1755	1	8	£	24	9	6			£	1755	1	8	£	24	9	6
July 1	To Balance b/f	166	8	11														

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E. & O. E.
London, 30th June, 1925.

Chas. Mee & Co., Ltd.

TABULAR SALES DAY BOOK.

Inv.	Date.	Name.	Led Fol. Dr.	Totals.	Under-linen.	Hosiery.	Mantles.	Dresses.
	1926		S.L.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1	June 2	James Kaye	71	128 6 6		62 14 2	65 12 4	
2	,, 3	Henry Field	36	153 13 6	24 5 6	56 2 -		73 6 -
3	,, 7	John Sykes	53	151 18 2	46 4 2	31 - -		74 14 -
4	,, 9	Sam Jones	75	84 12 -			56 6 -	28 6 -
5	,, 11	Charles Roberts	97	206 6 6	54 7 -	36 3 6	48 2 -	67 14 -
6	,, 17	Alfred Turner	64	32 4 8	32 4 8			
7	,, 22	Walter Crew.....	69	113 2 -	20 10 -	30 8 -		62 4 -
8	,, 26	Notts & Co.	78	108 5 -	56 3 -	24 8 -	27 14 -	
9	,, 28	Ben Bridge	85	111 10 -		74 7 -		37 3 -
10	,, 30	Frank Ford	101	92 10 -	17 10 -		46 13 -	28 7 -
			£	1182 8 4	251 4 4	315 2 8	244 7 4	371 14 -
		Impersonal A/cs. in Private Ledger.....Cr.			Fo. 17.	Fo. 51	Fo. 39.	Fo. 78.

MERCANTILE TERMS, &c.

The numbers of the following paragraphs have NOT been altered, so as to correspond with those in the thirty-second complete edition.

502. ACCOUNTANT. A person skilled in keeping and balancing books, and who is usually employed by merchants, public companies, &c., to prepare a/cs. and balance sheets, or to audit their books and a/cs. An **audit** is a thorough examination by an auditor of all books, a/cs., vouchers, securities, &c., with the three-fold object of detecting (1) fraud, (2) technical errors, (3) errors of principle. Audits generally take place periodically, and are usually, though by no means universally, conducted by professional auditors.

503. An **ACCOUNT CURRENT (A/C.)** sometimes called a running a/c., is a detailed Dr. and Cr. statement, copied from the Ledger, containing an a/c. of the transactions which have taken place between you and any person during a certain time. An a/c. is usually rendered either quarterly, half-yearly, or yearly, and is generally made out with the interest charged or allowed upon each item. Sometimes **red ink interest** has to be stated in an A/c. Interest in red is that upon current B/E., reckoned from the time the interest is made out to the time the bills become due. In the example given on the preceding page you will notice that the acceptance of 4th June has 35 days to run from 30th June to 4th August. The amount £1 4 - must be entered in red ink on the Dr. side, but must *not* be included in the total of that column. The £1 4 - must be *credited* to Owen & Dew, as they are deprived of the use of the £250 for 35 days beyond the time of making up the A/c. An **account stated** is one showing a balance which has been *agreed upon* by the parties. It differs from an **open a/c.** in that the burden of *proof* is thrown upon the party who seeks to question it.

508. ADVICE. A written communication giving information that some special transaction has been or is to be effected; particularly used with reference to *advising* the drawing and honouring of bills, and the shipment of goods.

511. An **AGENT (Agt.)** is one who is empowered to represent a principal, or one who buys or sells, or is entrusted with the business of another. Contracts and arrangements made by an agent are binding upon his principal or employer, provided they are made in the usual course of business, and are understood to be on behalf of his principal. Every Manager, Clerk, Traveller, Workman, or other employee of a trader is an agent within certain limits, for carrying on the business. **A Broker** is an intermediate agent employed by merchants to buy and sell any commodity for them. The fee charged by brokers for transacting business for their principals is called brokerage. Stockbrokers call it commission. A **Factor** is an agent dealing *in his own name,* entrusted with the possession, management and disposal of property belonging to another. The general duty of a factor is to procure the best intelligence of the state of trade at his

residence; of the course of exchange; of the quantity and quality of the goods at market; their present price, and the probability of a rise or fall; to pay exact obedience to the orders of his employers; to consult their advantages in matters referred to his discretion; to execute their business with all the dispatch that circumstances will admit; to be early in his intelligence, distinct in his a/cs., and punctual in his correspondence. The *differences* between a Factor and a Broker are as follows:—A Factor (1) deals in his own name, (2) is always personally liable on his contracts unless he contracts specially as agent, (3) has possession of goods as well as being entrusted with their disposal. A Broker (1) deals in the name of a principal, (2) is never personally liable unless he contracts as principal, (3) is entrusted with disposal of goods but not possession. **Del Credere** is a term used in trade in reference to an agreement between an agent and his principal, whereby the former, in consideration of an additional amount being paid to him, besides his usual commission, undertakes to guarantee the payment of goods sold through his agency, and becomes thereby liable to his principal for the amount, in case of the insolvency of the purchaser. Such extra commission to the agent is called "del credere." **Per procuration** (per pro.) By procuration: an agency. The power given either by Letter or Power of Attorney to an agent or clerk to sign cheques, bills of exchange and other documents, on behalf of a principal, or firm, thus:—*p. pro.*, Middleton & Sons,

Arthur Fieldhouse.

The effect of such a signature is that it operates as notice of a limited authority in the agent, and the principal is only bound if the agent was acting within his authority; hence, if an offer to accept, or draw, or endorse a B/E. be made by an agent, the holder may and should require the production of his authority, and if not produced, may treat the bill as dishonoured.

517. ARRANGEMENT, Deed of. An instrument embodying an agreement between a debtor and the general body of his creditors for the purpose of modifying the Debtor's obligations without resorting to bankruptcy proceedings. An arrangement of this nature is only binding on those creditors who expressly assent to it. Such a Deed is void unless registered and stamped.

519. ASSETS are the whole of the funds, money, goods, and other property of every description belonging to a person or company, which may be made liable for debts. Assets include the debts owing to you by others. Assets are the debit balances of the real and personal a/cs. in the Ledger. *Wasting Assets* are those which decrease in value, either by wear or tear, by the progress of invention, or by the effluxion of time.

520. ASSIGNMENT. An absolute transfer by deed of some right, interest, property or goods to another, called the assignee. A trader (the assignor) will sometimes execute an assignment for the benefit of his creditors, so as to enable them to realise his estate, and out of the proceeds to declare a dividend upon the

amount of their respective debts. The assignor should be careful to provide what shall be done with a surplus should the estate be so fortunately managed as to result in a surplus after paying 20/- in the £. Unless he provides that the surplus shall be handed to him or his family, a recent decision in the House of Lords (Smith v. Cooke) shows that it will belong to the creditors although it might lead to their actually receiving 40/- in the £

523. **BANKER'S DRAFTS** are Bills of Exchange drawn by one banker upon another, requesting the payment of a sum of money to the order of the person named, generally on demand. The second banker is generally the London Agent of the country banker. For persons having no banking a/c., who may have to make either an inland or a foreign remittance of more than £20, a Banker's Draft is the most convenient mode and may be had free of charge if drawn payable at 7 or 10 days. The amount must be paid over the counter, together with the banker's commission if the draft is on demand. If you had a banking a/c. and ordered a draft, the banker would debit your a/c. with the amount and commission. Such drafts do not need to be accepted like term bills, because the drawee pays you immediately the bill is presented. If you were going abroad and wished to avoid carrying a large amount of cash, you could lodge your money in the bank and take a Draft on your banker's foreign Agent, who would give you cash for the Draft on arrival at your destination, no charge being made for such a foreign draft.

Some business men remit their creditors drafts in preference to cheques. A slip is filled up giving all the particulars of the Drafts required, and then handed to the banker. He draws and signs the Drafts, which you remit in due course. The chief advantage of these Drafts is that the London agent of the country banker is informed of the amounts of the Drafts, thus rendering any attempt at fraud or forgery impossible.

527. **BILLS OF EXCHANGE. Drawer's Liability.** The drawer of a Bill, by drawing it, engages that on due presentment it shall be accepted and paid, that if it be dishonoured he will compensate the holder or any endorser who is compelled to pay it, provided that the requisite proceedings on dishonour be duly taken. By drawing a bill, the drawer gives an implied undertaking that upon presentment to the Drawee it shall be accepted.

To endorse a Bill is to write one's name across the back of a bill, thereby engaging to compensate the holder or a subsequent endorser should it be dishonoured by the acceptor. By endorsing a bill, an endorser takes upon himself the responsibility of a new drawer. Endorsements are divided into two classes, "blank" or "general" and "special." A **blank** endorsement is one where the **endorser** (in order to transfer his interest in the bill) simply writes his name on the back of the bill without specifying the **endorsee.** An endorsement is **special** when the endorser transfers his interest in the bill to some special endorsee say John Smith, as follows :—

"Pay John Smith, or order."
"Pupil Bros."

The effect of this special endorsement is that the instrument is only payable to the order of John Smith, who must further endorse it on negotiation. **An Agent,** or any other person who endorses and does not want to become *personally* liable, should add to his name the words **sans recours,** or **without recourse to me,** by which means he will avoid the contingent liability to which he would otherwise be subject, if the acceptor failed to honour the bill. In addition to the endorsements consequent upon the ordinary negotiation of a bill, it sometimes happens that the acceptance by a certain person of a bill is not considered sufficient. That person may not be regarded as reliable for payment of the amount, and the drawer insists on someone endorsing or **backing** the bill which leads to a friend of the acceptor endorsing it, and thereby making himself liable for the amount in case of dishonour. Endorsers of a bill must therefore be always informed of dishonour, as all of them are, collectively and individually, liable for the amount. When the back of the bill is filled with endorsements, further signatures may be written on an **allonge,** which is a slip of paper of similar size and shape to a bill, pasted on the end thereof. The allonge must be attached to the bill before it is endorsed, otherwise it might become affixed to the wrong bill. The first endorser on the allonge should so write his name that it appears partly on the bill and partly on the allonge, in order that the allonge may not be detached and attached to another bill of higher amount.

In **negotiating** a bill, although endorsement is generally required for the security of the transferee, it is not always absolutely necessary. For instance, a bill or note payable to bearer is negotiated by delivery, as well as a bill or note payable to a person named, *after* he has endorsed it in blank, which endorsement makes it payable to bearer, and therefore also negotiable by mere delivery or transfer of possession. The person delivering the bill is called the **transferor,** and the person receiving it the **transferee.** Unlike an endorser a mere transferor does not, of course, incur any liability on the bill. A bill drawn in favour of "*Tom Sykes only,*" would prohibit its transfer, and would therefore be **not negotiable,** that is, its value could not be transferred to another by delivery. The same remarks apply to a bill with a **restrictive endorsement** as "*Pay John Smith only, Pupil Bros.*"

Case of Need. The drawer of a bill being unable to know for certain whether the drawee will accept or, having accepted, will pay, may insert the name of a person to whom the holder may, if he pleases, resort in case of non-acceptance or non-payment. This person is called a "*referee in case of need.*" In other words "a case of need" is a statement occasionally put upon a bill of exchange by the drawer or one of the endorsers naming a person who will guarantee its payment, and to whom the holder may have recourse in case of dishonour. The following is the usual form :—

"In case of need apply to JOHN SMITH,
622 Moorgate Street, E.C.,
Pupil Bros."

The purport of this is, that if the bill is not paid at maturity John Smith (who knows your firm to have a reputation for integrity and financial honour) will pay it for your honour. Pupil Bros. would, of course, communicate with John Smith and ask him (if necessary) to **protect their signature** by accepting the draft, so that they might be saved the discredit of it being said that a draft of theirs had been dishonoured.

Liability and Security. The acceptor of a bill is the person who is to be liable to the drawer, so long as it remains in the drawer's hands, and he (the acceptor), is *always* the person *primarily* liable to the holder; and when the drawer delivers the bill to the payee, or bearer, or by endorsement transfers the bill to another, the drawer in his turn becomes liable as well as the acceptor, to the holder of the bill, and so does every subsequent endorser, the security thus increasing with each endorsement.

Accommodation Bills (sometimes called "kites" or "windmills") are bills drawn, accepted, or endorsed, though no consideration or value has been given for them. Such bills are usually made by two or more persons with a view to their being discounted for the temporary convenience of and accommodating one or more of the parties concerned, each of them agreeing to provide the acceptor, at, or previous to its due date, with funds to meet the bill.

A **long bill** is one having a long term to run, as 6 or 9 months after date or after sight; while a **short bill** is one payable on demand, at sight, or having less than 10 days to run; also those bills received by bankers for collection and which have nearly matured. **Short exchange** is the rate for cheques or drafts at sight, or payable within a day or two. There being no question of interest involved, the variations of the short exchanges above or below the mint Par is the measure of the monetary balance of trade, including therein the movement of floating capital.

Sole or **sola** means only one bill as opposed to a "set"; **First** denotes the first of a set; a **Copy** is a facsimile or duplicate; and **Via** means any one of a "set of bills."

The **holder** is the person in actual or constructive possession of the bill, and entitled at law to recover its contents from the parties to it. If the holder takes a **composition** from the acceptor or maker, the other parties are discharged. Part payment, of course, has no such effect.

532. BOND. A bond is a document under seal by which a person binds himself to pay a sum of money at a given time, or under special conditions. The person giving the bond is called the *obligor,* and he to whom it is given the *obligee.* Bonds are often given by Governments and Corporations as securities for loans. According to their character they are named respectively: Bonds to Bearer; Currency Bonds; Exchequer Bonds; Gold or Sterling Bonds; Lottery Bonds; Registered Bonds.

533. BONDED GOODS. Merchandise liable to duty, deposited in Government or Bonded Warehouses (known in France as Entrepôts) until the duty upon them is paid. While the duty

remains unpaid the goods are said to be "In Bond," a bond having been signed on behalf of the owners, that the duty will be paid when the goods are removed for consumption.

535. **BOOK DEBTS** are the unpaid a/cs. or debts receivable standing in a merchant's books, that is, the amount owing to you by your customers, or debtors; the Dr. Balances of personal a/cs.

557. **COPYRIGHT** is the sole legal right to print or publish anything which belongs to the author or his assigns. Copyright commences from the date of first publication, and the author is deemed to be the first owner of the copyright therein. The duration of copyright is the life of the author and 50 years after his death. A copy of every book should be sent to the British Museum within one month of publication. The only safe way to regard money expended upon the purchase of a copyright is to treat it as the purchase money of a terminal annuity of very short duration.

562. **A CREDIT NOTE (C/N.)** which is a statement (in red ink), sent to a person showing the particulars of an amount in respect of which you are crediting him, is generally used when goods are returned, an abatement is being made, or an overcharge rectified.

CREDIT NOTE. 625 Cheapside,
LONDON, 22nd June, 1926.

Messrs. Owen & Dew, Leeds.

Cr. in A/c. with **Charles Mee & Co., Ltd.**

By return of Goods invoiced 19th June .....£		9	10

564. **A DEBIT NOTE (D/N.)** which is a statement, in the form of an invoice, sent to a debtor, showing the particulars of an amount in respect of which you are debiting him, is used when you discover that he has been undercharged for certain goods, or in the event of an invoice being undercast.

DEBIT NOTE. 625 Cheapside,
LONDON, 30th June, 1926.

Messrs. Owen & Dew, Leeds.

Dr. to **Charles Mee & Co., Ltd.**

To Undercasting of Invoice dated 25th June .....£	1	-	-

565. DEBTOR and **CREDITOR.** A **Debt** is that which is due from one person to another, whether money, goods, or services and whether payable at present or at a future time; that which one person is bound to pay or perform for another. When a debt becomes due, it is the duty of the debtor to pay it without waiting for any demand. It is in general the duty of the debtor to seek out his creditor for the purpose of paying him. A creditor is not bound to give change to his debtor, whose duty it is to tender the exact amount of his debt in legal currency (see Legal Tender). The ordinary mode of enforcing a debt, not exceeding £50, is by commencing an action in the County Court; for a larger sum proceedings must be commenced in the High Court, but either party may have the action remitted to the County Court if the amount does not exceed £100. **Crown Debts** are those due to the Government or Crown in respect of Taxes, &c. The Crown claims priority for its debts over all other creditors, and to recover them by summary process. A **Judgment Debtor** is one to whom directions have been given by a Judgment of the Court to pay a sum of money to another person, known as the *Judgment Creditor*. The **Debtors' Act, 1869,** abolishes imprisonment for debt except in case of default of payment of penalties, default by trustees or solicitors, and certain other cases; and provides for committal of debtors in default of payment of judgment debts which the debtor *can but will not pay*, and in certain other cases. It also provides for the punishment of fraudulent debtors.

567. DEMURRAGE. A charge of so much per day made by the owners of vessels for their detention beyond a specified time. Legal holidays and Sundays are not charged for. The term is also used for a charge made by railway companies for detaining their horse boxes, waggons, trucks, &c., beyond a given time. **Keelage** refers to the dues or fees paid by a vessel on her entering and resting in certain ports and harbours in the Kingdom.

570. DIVIDEND (Div.) (1) A share of the profits of a Public Company; the interest payable on any portion of the national debt or other stock. "*Ex-Dividend*" is a stock exchange phrase to signify that the price at which a given security is quoted is *exclusive* of dividend. Unless so specified the security in question is "*cum-dividend,*" meaning that the interest accrued since the previous distribution is covered by the purchase money. A **dividend warrant** is an order for payment, in the form of a cheque payable on demand, and therefore transferable by endorsement. An **interest warrant** is an order for the payment of a periodical dividend, and is generally sent by post to the holders of registered and other public stocks, as the interest becomes due. **Coupons** are certificates of interest or dividends bearing different dates attached to the foot to transferable bonds and debentures. The word "coupon" means a cutting, and as the dividends fall due the certificates are cut off and paid into the bank for collection just like a cheque. (2) The share paid to the creditors out of the funds realised from the

sale of an insolvent's estate. These dividends are sometimes paid by instalments. For instance, suppose that the whole of the assets of an insolvent cannot be immediately realised, the Trustee or Official Receiver would probably declare a "first dividend of 5/- in the £," and subsequently declare a "second and final dividend of 5/- in the £."

573. **ENDORSEE.** The person who acquires the right conveyed by any negotiable instrument, B/E, B/L, D/W, D/O, in consequence of its being made over to him by *endorsement*. An **endorser** is one who endorses a bill or other negotiable instrument, and thereby transfers his interest or claim therein by writing his name at the back of such instrument.

574. **ERRORS EXCEPTED,** or Errors and Omissions Excepted (**E.E.** and **E.** & **O.E.**) sometimes written at the foot of invoices, statements, and a/cs., in order to reserve the right of making rectifications at any future date.

577. A **FIRM OFFER** or **REFUSAL** is one where goods are offered to a merchant at a certain price within a given period, and until he has either refused them or the period has expired, they are not offered to anyone else.

578. **A FOLIO (Fol.)** is an opening in a book, or two pages facing each other, both pages having the same number. This word, however, is often employed when speaking of a separate page, particularly when containing a debit and credit side.

579. **FORGERY** is the fraudulent making or alteration of a writing or seal to the prejudice of another man's right, or of a stamp to the prejudice of the revenue.

581. **FREIGHT.** The amount paid for the hire of a ship, or a charge for carrying or transporting goods or cattle by water. The cargo of a ship. *Dead Freight* is the compensation paid by the freighter of a whole ship for space remaining unoccupied when the cargo is not a full one.

593. **I.O.U.** a written acknowledgment of a debt, so called because it commences with those letters, which custom has substituted for the words "I owe you" because they have the same sound. It ordinarily runs thus:

To Mr. Henry Lender, I.O.U. Five Pounds,
John Borrower, 1st January, 1926.

If in the above form, it requires no stamp, being neither receipt, agreement, nor promissory note. If it contains a promise to pay the money it must be stamped as a promissory note, or as an agreement if the subject of which is of the value of £5. It is evidence of an *account stated* (see par. 503) with the creditor, if named; if he is not named, it is primâ facie evidence of an account stated with the person producing it. It is not negotiable.

594. **INSOLVENT** denotes the state of being unable to satisfy the whole of your creditors in full. Inability to pay twenty shillings in the £. **Solvent** means the opposite. A **Composition** is a payment of so much in the £ by an insolvent debtor in settlement of his debts. in lieu of the whole amount owing.

596. An **INVOICE (Inv.)** is a statement setting forth full particulars as to the quantity, quality, and price of goods sold or consigned to a purchaser or factor; the contents and marks of each parcel, and the charges (if any) upon them. Whether you purchase or sell goods, it is customary and advantageous for an Invoice to pass between the parties, simultaneously with the transmission of the goods. The advantages of an invoice are that on arrival of goods you can compare them with the particulars contained in the invoice; and should any discrepancy be discovered it can be speedily rectified by communicating the facts to the seller of the goods. A **Pro Forma** invoice is an imaginary one made out *for form's sake,* in order to ascertain what the charges are likely to be; and also for the use of the Customs authorities when goods are being consigned to some places abroad. Some merchants, when receiving orders to buy certain goods somewhat outside their general line of business, ask for a *pro forma invoice* of the items they are about to purchase, in order to ascertain the current market price of the goods, the manner and cost of packing, the discount, terms of payment, and the approximate cost the order would amount to.

Telegrams : "*Cloth, Huddersfield.*"
Telephone No. 160.

907 New Street,
Huddersfield.

28*th November,* 1925.

Thomas Sykes, Esq., Park Lane, Leeds.

Bought of SILVERWOOD & Co.,
Woollen and Worsted Manufacturers.

Terms : *One clear month's credit. Dis.* 2½%.

Stock No.	Yards			£	s.	d.
2834	51 as 50	Black Serge ..... @	1/11	4	15	10
2936	44 ,, 43	,, Vicuna	2/2	1	13	2
3004	46 ,, 45	Blue Beaver	2/6	5	12	6
4616	59 ,, 58	Light Fancy Tweed	2/8	7	14	8
1718	63½ ,, 62½	Coarse Cheviot	3/-	9	7	6
5108	49 ,, 48	Black Worsted.....	3/1	7	8	-
7346	52 ,, 51	Woollen Cord	3/4	8	10	-
5110	29 ,, 28½	Grey Overcoa ing	3/6	4	19	9
5111	37 ,, 36	Oxford	3/7	6	9	-
			£	59	10	5
		Discount.....	2½%	1	9	9
		Received by cheque £58 - 8, 1st Jan.,1926 Silverwood & Co.	£	58	-	8

601. **LEASE.** A document setting forth the conditions of a contract for letting lands or buildings for a life, a term of years, or at will, usually in consideration of an annual rent. The party who grants the lease is called the "lessor," and the party to whom the premises are leased, the "lessee." In a/cs. of leasehold property such an amount should be written off each year, in respect of the diminishing value, that the entire value will be exhausted at the expiration of the lease. An easy method of calculating the price that should be paid in order to receive a return of capital by the time of the expiration of the lease, and a fixed rate of interest upon such capital is as follows:—Divide the proposed purchase money (say £720) by the number of the years to run before the lease expires (say 60), this may be taken to represent annual repayment of capital (say £12). Deducting this amount from the net annual rental (say £55) leaves a balance of £43, which is equal to nearly 6% on the purchase money.

603. A **LETTER OF CREDIT (L.C.)** is a communication addressed by bankers or merchants to their correspondent or agent, either at home or abroad, requesting him, upon the credit of the writers, to advance the bearer a specific or an unlimited sum of money, and debit the amount paid to their a/c. The chief differences between a L/C. and a B/E. are that the former is not an *order*, but a *request* of payment; that a L/C. needs no acceptance; is not negotiable; and cannot be protested for non-payment.

604. **LIABILITIES** denote the whole amount of the debts owing by a person or company, and also any contingencies that might probably arise from financial obligations. Liabilities are the credit balances of the real and personal a/cs. in the Ledger.

Contingent liabilities are those dependent on an uncertain issue, of doubtful occurrence, which may or may not happen. For instance a Bill Receivable which you have negotiated creates a contingent liability, inasmuch as you *may* be called upon by the owner to pay the contents in the event of the bill being dishonoured by the acceptor. Again, should you become a surety or bond on behalf of a principal, by guaranteeing the repayment of a sum of money, or indemnifying an employer in respect of any losses occasioned by an employee, you would in the event of the principal failing to fulfil his obligation, become liable for the amount specified. Bankruptcy is sometimes caused by such liabilities becoming immediate.

613. **MONEY. Value** may be defined as the general purchasing power of a commodity, while *Price* is such value expressed in relation to money. The **value** of a thing is the amount of other commodities for which that thing can be exchanged; or the worth of that thing measured in the terms of some other thing. **Price** is the consideration which is given under a contract in exchange for the supply of commodities or services. Thus, a **Sale** is defined to be the transfer of the property in a thing for a price. Therefore when goods are exchanged for goods there is no price, and the contract is one of **barter** and *not*

of Sale. **Money** is a measure of value and a medium of exchange; or that substance, of whatever nature it may be, which is, by common consent, and for the convenience of the community, employed to represent goods in effecting their sale. In civilized countries, gold, silver, and bronze coins of a certain weight and fineness are used as money, on account of the scarcity of these metals, their portability, durability, uniformity and easy divisibility. **Currency** is a term applied to the legal medium of exchange of a nation, such as the current coins and notes authorised as legal tender. The **circulating medium** or currency may be of two kinds: (1) Metallic or Specie. (2) Paper. Metallic currency consists of coins, which are pieces of metal of certain weights and fineness bearing a legal stamp. **Bullion** is gold and silver of varying fineness or purity in the form of bars, dust, groups, and coins. Coined money is of two sorts, which are called respectively standard money and **token money,** the latter consisting of coins which are not intrinsically worth the amount named upon them; *e.g.,* the silver and bronze coins. **Standard money** is that in which the fine metal used is the standard metal of the country and is generally known as the **standard of value,** which has been defined as that coin or basis upon which the currency of any country is measured and regulated. England is a "gold standard" country; Mexico and China are "silver standard" countries; while France has nominally a double or bi-metallic standard, but practically she has a gold standard, only gold being coined. **Sterling** is the name given to standard English money or coin. **Paper-currency** or circulation consists of Bank Notes and similar documents which not only represent money, but which are made legal tender by the Government as being worth in coin the amount named upon them. The efficiency of paper money as a substitute for coins depends on whether the owner can obtain the equivalent in coin whenever he wishes it. When paper money can be exchanged for coin to its face value on demand at the Government Bank it is called *Convertible;* for instance our Bank of England notes are convertible, as they are exchangeable at the Bank into sovereigns on demand to the full amount of their face value. "*Inconvertible*" paper currency is that which cannot be exchanged for coins on demand, but must be accepted as representing its face value. Such a currency is only legal tender for any amount in transactions between the inhabitants of the particular country adopting it. In questions of exchange with a foreign country inconvertible paper money is always at a discount, that is, it circulates at a varying rate below the value of the coin which it professes to represent. Such a discount is known as **agio** or **premium** which may be defined as the difference of value existing between real and nominal money as shown by the Continental rates of exchange; or the difference of value between specie and paper money in those countries, where notes are not exchangeable for gold. Thus it is said, for instance, that *gold is at a premium of* 5% *on paper,* or that *there is an agio of* 5% *on gold,* which means that 105 units in paper money are given for 100 units in

gold. **Legal Tender** means the current coin or medium of payment that may be lawfully offered in payment of a debt. They are :—Gold of the full weight and Treasury Notes to any amount, Silver up to 40/-, Bronze up to 1/-, and B. of E. Notes up to any amount in England and Wales, but no one can be compelled to give change for such notes except the Bank itself. A tender must be absolute and unconditional, and the money must be actually produced at the time of the tender. The word **Bi-metallism** is used to describe the employment of two metals, to form at the same time, in combination with each other, the standard of value. A bi-metallic system of currency to be completely effective must, in the view of those who advocate it, include two essentials : (a) An open mint ready to coin any quantity of either gold or silver, which may be brought to it. (b) The right on the part of a debtor to discharge his liabilities, at his option, in either of the two metals, at a ratio fixed by law. The term **Mono-metallism** is applied to designate a monetary system in which the standard of value consists of one metal, whether silver or gold. **Moneys of Account** are the denominations or divisions of money in which accounts are kept. They may or may not correspond with coins in circulation, *e.g.*, the moneys of a/c. of England are £ s. d., while in the case of France they are francs and cents. The **Latin Union** is the monetary union organised between France, Belgium, Greece, Italy, and Switzerland, in all of which countries the amount in francs, &c., are converted as 25=£1.

617. A **NEGOTIABLE** document or instrument of credit is one which, in its transfer from one person to another, conveys to and vests in the holder a legal right to the money or property which the document is issued for, or which it represents. Negotiability does not attach itself to every instrument, but only to those which have obtained it either by mercantile custom or statute : B/E., P/N., Cheques, Exchequer Bills, East India Bonds, Circular Notes, Dividend Warrants, and certain Scrip and Bonds are negotiable. The term " Not negotiable " has no statutory signification whatever on any document except as part of the crossing of a cheque.

618. PAR. Equal value. Stocks and shares are said to be **at par** when their respective **market** and nominal or **face values** are the same. When the price of stocks or shares is *higher* than the face value they are said to be **above par** (or at a premium), and when the price quoted is *lower* than the face value they are said to be **below par** (or at a discount). A nominal share of £1 fully paid, if quoted at ¼ premium would be 25s. per share; or a nominal share of £1, with 10/- paid up quoted at a ¼ premium, would be 15s., £100 nominal stock, if quoted at 101, would be at a premium of 1.

620. PATENT is the name of a grant by the government of a country of a privilege enabling the patentee or his licensees to make, use, exercise and vend the invention, and to restrain any unauthorised person from using or imitating it. The duration of a patent when granted is 16 years, but every patent ceases on

failure of the patentee to make the prescribed payments or annual instalments, unless he can show that the default arose through an accident or mistake. Depreciation should be charged periodically, having due regard to the date of the expiration of the Patent.

625. PREMIUM. (1) An annual payment for Insurance against loss by fire, &c., or to assure a certain amount of money being paid on a person attaining a given age, or at death. (2) The excess in quotation over the nominal paid-up amount of any security. (3) A payment to any employer on a pupil becoming articled or apprenticed.

626. A **PRICE CURRENT (P.C.)** is a list showing the market price of commodities. These lists are published in the daily newspapers and also in the various trade journals. Many merchants issue a Price Current to their customers either bi-weekly, weekly, fortnightly, or monthly, showing the articles dealt in, and the current market price of each. Some firms keep blank forms of prices current, the names of the staple articles of their place being printed, the columns for prices being left blank. A **Price List** merely shows the *definite price* of articles offered for sale. These lists are chiefly issued by retail drapers, grocers, &c., in the form of newspaper advertisements and handbills.

628. PRINCIPAL. A responsible person for whom an agent buys, sells, or transacts other business; also a partner or head of a business house. The word "principal" is also applied to money lent out at interest.

633. QUARTER DAYS. *England*: Lady Day, 25 March; Midsummer, 24 June; Michaelmas, 29 Sept.; Christmas, 25 Dec. *Scotland*: Candlemas, 2 Feb.; "Whitsunday," 15 May; Lammas, 1 August; Martinmas, 11 November.

637. REBATE. Generally an abatement or allowance in price. Strictly, discount returned by a banker on a bill taken up before maturity, or by a banker or bill broker when discounted bills are taken back again, previous to their arriving at maturity, by the parties who placed them under discount. An **Abatement** is a deduction from a quoted price or value.

638. RECEIPT (Rect.). A written acknowledgment of something having been received. A receipt for money when the amount is for £2 and upwards, requires a twopenny stamp, which, if adhesive, must be cancelled by being written across, the cost of the stamp being borne by the receiver. No stamp is required for receipts of wages, salaries, pensions or superannuation allowances, Government taxes or payments into a bank. A receipt should, at least, state the date, the name of the payer, the amount, what the payment is for, and the signature of the receiver, as below. A receipt written either on the front or the back of a stamped cheque requires a receipt stamp; either one twopenny or two penny stamps. A **Voucher** is any book, document, or writing in proof of the payment or receipt of money; or which in any way serves to attest the truth or correctness of accounts, or any other monetary transactions. As far as possible Petty Cash payments

should be initialled in the P.C. Book by the person receiving the cash; and payments by the cashier to his principals should be initialled in the C.B.

---

5 Dock Street, Leeds, 28th December, 1926.

GRAY'S ESTATE.

Received from Mr. George Terry the sum of Twenty Eight Pounds Ten shillings, being one half-year's rent due to the Trustees of John Gray, deceased, at Christmas last.

Cash....£27 16 -	
Tax .... - 14 -	HENRY HORN
£28 10 -	For Self and Co-Trustees.

Receipt a Statement thus:—

Received payment by cheque, £95 8s. 10d.

5th JULY, 1926

CHARLES MEE & CO., LTD,

JOHN DAY, Secretary.

639. A RECONCILIATION STATEMENT is one that is sometimes made out for the purpose of adjusting or testing the accuracy of certain a/cs., such as a Rental, with the Rental of the previous year or the contents of the Cash Box with the balance of the Cash Book (see par. 87); or the Bank Column of a Cash Book with the Pass Book (see par. 93).

641. REMITTANCE. A sum of money sent, transmitted, or remitted from one person to another, whether it be by bullion, coin, note, cheque, B/E., M/O., P/O., or stamps.

645. SALVAGE. An allowance or compensation made to those by whose exertions ships or goods have been saved from the dangers of the sea, fire, pirates or enemies. The term is applied to the goods and other property saved. A **Derelict** is a ship that has been abandoned at sea.

653. STAMP DUTY. A tax imposed for revenue purposes, on bills of exchange, bank notes, cheques, licenses, deeds, and documents of every description (except wills and I.O.U.'s) receipts for £2 and over, playing cards, &c. The term **ad valorem,** meaning according to the value and not to the number, weight or measure, is used in commerce principally with reference to the *ad valorem* custom and stamp duties, which are

levied by the Customs and Inland Revenue Departments of the Government on goods and documents at certain rates *per cent.* on their value.

650. STATEMENT. An a/c. rendered at certain times usually monthly or quarterly, giving dates and amounts only of each delivery of goods since last settlement, together with any charges; and after deductions for returns, payments on a/c., allowances, &c., showing amounts due at date of statement. It is really a demand for payment.

625 Cheapside,
LONDON, 30*th June*, 1926.

Messrs. Owen & Dew, Leeds.

Dr. to **Charles Mee & Co., Ltd.**

1926.		£	s.	d.	£	s.	d.
April 1	To Balance brought forward				69	7	6
„ 4	„ Goods	17	16	3			
„ 7	„ do.	36	4	9			
„ 19	„ do.	42	8	4			
„ 30	„ do.	5	19	6			
May 7	„ do.	19	7	2			
„ 15	„ do.	7	4	5			
„ 28	„ do.	26	19	11			
June 9	„ do.	13	4	2			
„ 19	„ do.	2	9	10			
„ 25	„ do.	16	18	9			
„ 28	„ do.	46	9	2			
„ 30	„ do.	17	16	9			
„ 30	„ Undercastings, 25th June	1	-	-			
					253	19	-
					323	6	6
May 2	By Cash	171	16	4			
June 2	„ do.	53	11	6			
„ 22	„ Returns	2	9	10			
					227	17	8
				£	95	8	10

654. STATUTES OF LIMITATIONS. The enactments fixing the periods within which rights must be established and debts recovered. The periods of limitations vary from 14 days to 60 years from the cause of action according to the subject of litigation. A common debt is *Statute barred* after a lapse of six years, unless a promise to pay or an unqualified acknowledgment in writing has been made by the debtor, in which case the debt is revived.

660. TARE is the weight of a case, bag, box, sack, cask, chest, can, glass, wrapper, or other article wherein goods are packed; hence the word is also used as meaning the allowance, deduction, or abatement made in respect thereof from the gross weight of the package. Tare is calculated in five different ways, viz. :—(1) by **Real** tare, which is found by actually ascertaining the weight of the boxes, sacks, vessels, &c., wherein

goods are packed, and deducting it from the gross weight of the parcel; (2) by **Average** tare, where the packages are numerous and of a similar size, when only a few are weighed so as to form an average for the whole; (3) by **Customary** tare, which is an established allowance for the weight of packages on the gross weight of certain goods, fixed by the custom of each particular trade; (4) by **Estimated** tare, which means that the weight of the packages are computed and an estimated allowance agreed upon at the time of sale; (5) by **Super** tare, by granting an additional allowance when packages exceed a certain weight. **Tret** is an old customary allowance of 4lb. on every 104 lbs. on certain articles of merchandise as a compensation to the buyer for wear, damage, or deterioration in transit, or for the dust or sand mixed with any commodity. **Draft** or **Waste** is an allowance or deduction often made on the gross weight of goods in consideration of their being damp, or mixed with dust, rubbish, or other extraneous substance.

661. TERMS as to **Price** and **Payment.** **"Loco"** merely means that the price quoted is the price of the goods sold at the place where they lie, without including any charges whatever for transit or removal. **"F.A.S."**—free alongside ship—denotes the place of delivery, and that the seller pay all charges upon the goods up to their reaching the ship's side, when the buyer must attend to their being put on board, and pay the dues and charges for slinging, &c. **"F.O.B."**—Free on board—indicates that the price quoted covers the cost of the goods, carriage to port, and shipping charges: *i.e.,* the seller puts the goods on board free of all expense to the buyer, who pays the freight. **"C. & F."** cost and freight—means that the price is to cover the cost of the goods, shipping charges and freight, in fact all charges to the destination of the vessel except insurance. **"C.I.F."**—cost, insurance and freight—means the last paragraph, plus insurance. **"Franco,"** **"Rendu,"** or **"Free,"** means c.i.f. *plus* foreign import duty and carriage to the door of the buyers, *i.e.,* the price includes every possible charge. **"C.O.D."**—cash on delivery—denotes that the buyer must pay for the goods at the time of delivery. **"Prompt Cash"**—payment within two or three days of delivery. **"Cash"** or **"Net Cash"**—payment within a week or ten days. **"2½% for Cash"** denotes that this discount will be allowed if payment be made within about a week of delivery. **"5% within a month"**—this allowance will be made subject to the payment within one month from date of delivery. **"Prompt Cash less 4 mos."**—means payment within a day or two *less* 4 months interest at 5% per ann., *e.g.,* on £100 the discount would be £1 13s. 4d. **"3 mos. net"** denotes 3 months credit and no discount. **"Cash against documents"** indicates payment on delivery of B/L. and Policy. **"Documents against acceptance"** denotes that the shipping documents must *not* be handed over to the buyer until he has *accepted* the B/E. **"Documents against payment"** the buyer must *pay* or *honour* the B/E. before receiving the shipping documents.

662. A TRADE MARK is a name, symbol, picture, form or device applied to a trader's goods for the purpose of distinguishing them from the similar goods of other traders in order that he may secure to himself the profits arising from their reputation for superiority. A trade mark differs both from a patent and from a copyright in its legal character. While Patent-right and Copyright protect the substance of the articles, the protection in the case of a trade mark extends only to the device or symbol which is invented and adopted to designate the goods sold. A record of registered trade marks is kept at the Patent Office, 25 Southampton Buildings, London, W.C. 2.

664. TRUE DISCOUNT is the difference in value between a debt due on a given date and the present time. For instance a B/E. drawn on the 1st Jan., payable in 3 mos. for £5050 would on the 4th Jan. be worth £5000, if discounted at 4% per ann. True discount, however, is rarely allowed in such transactions. In the above example the discounter would deduct from the principal the *Commercial* or *Banker's* discount of £50 10 -, which is practically interest at 4%.

666. TURNOVER. The total sales of a trader within a given period. In banking, the total of the debits or the total of the credits placed to an a/c. within a given period.

674. WATERING. The act of increasing the face value of stock or shares without making any equivalent increase in the value of the assets they represent.

677. WINDOW DRESSING is the arranging of a Balance Sheet by a company so as to make a good show.

678. WITHOUT PREJUDICE. A phrase used in negotiations of compromise or offers to settle disputes, in order to guard against any waiver of right should they be ineffectual and go off.

680. YIELD. A statement that a stock or share will yield so much per cent, means that the return to the investor is at that rate on every £100, or part of £100, of capital sunk. For instance, a 4½ per cent stock at 108 will yield £4 1 8 per cent.

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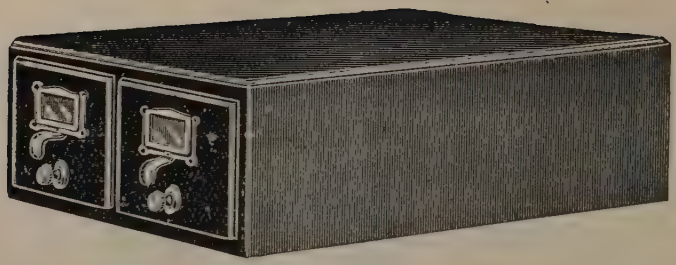
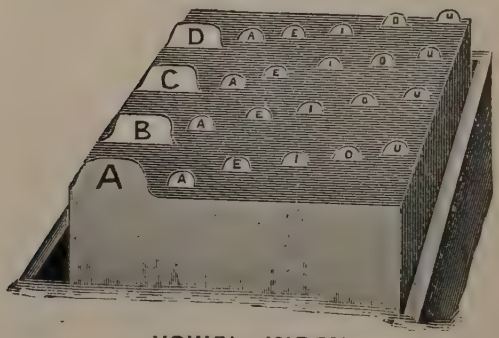
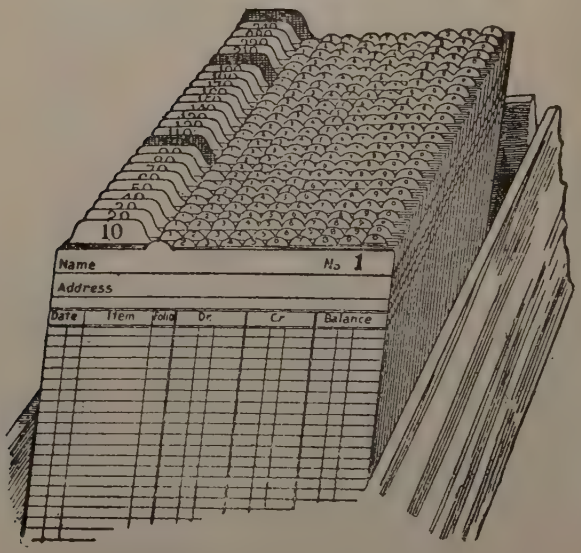


CARD INDEXING.



VOWEL INDEX.



NUMERICAL CARD LEDGER.

QUESTIONS.

1. Define Book-keeping.
2. What is the cause of Book-keeping?
3. Is Book-keeping compulsory in this or any other country?
4. What are the principal reasons for keeping an accurate record of your transactions?
5. Define "Transactions" and name six kinds.
6. Name five questions which your books should answer.
7. What are "Services"?
8. Explain the two methods of recording transactions.
9. To what use is the Waste Book put?
10. What would you call a classified record of your transactions with A. Jones?
11. What book contains the classified record?
12. How is an account kept?
13. What must be done with an a/c. before making an entry therein?
14. When is a person a Debtor and when a Creditor?
15. When is an a/c. Dr. and when Cr.?
16. Name and explain the two great classes of a/cs., and state which of them is sub-divided.
17. **ON CASH A/CS.** To what *class* of a/cs. does Cash A/c. belong?
18. On which side of the Cash A/c. are Receipts entered?
19. On which side of a Cash A/c. must the *first* entry be made?
20. What word is prefixed to an entry on the Dr. side of an a/c.?
21. May the *name* of an account be used therein?
22. Define Capital.
23. Why should the insertion of noughts in the shillings and pence columns be avoided?
24. How is an a/c. balanced?
25. What is a balance?
26. When is an a/c. said to balance?
27. May the Cr. side of a Cash A/c. exceed the Dr.?
28. With what should the "balance" of a Cash A/c. correspond?
29. When balancing an a/c. how must the *totals* be placed?
30. When must a "£" be used?
31. How must the headings of a/cs. be written?
32. **ON GOODS A/CS.** To what *class* of a/cs. does the goods a/c. belong?
33. What are the objects of a Goods A/c.?
34. Why are purchases debited and sales credited?
35. If goods sold by you should be returned to you on which side of the Goods A/c. would their value be entered?
36. In addition to recording the value of purchases and sales what other fact must be shown in a Goods A/c. before the *result* of the trading can be arrived at?
37. If the Dr. side of a Goods A/c. exceeds the Cr. what does the *difference* represent?

38. Why does the Cr. side of a Goods A/c. generally exceed the Dr.?
39. What is meant by stocktaking?
40. At what price must "Goods on hand" be valued?
41. In taking stock, how would you deal with 20 silk hats out of fashion?
42. You have 40 sacks of flour, cost price 20/- each, market price at stocktaking 22/- each. What would you reckon them at?
43. How may you ascertain the separate profits on several kinds of goods?
44. What is the rule for entering all Real A/cs.
45. **ON PERSONAL A/CS.** What are Personal A/cs.?
46. What is the rule for entering Personal A/cs.?
47. How are they balanced?
48. What is a debit balance?
49. Which side of Smith's a/c. in your Ledger must be the greater to make you his creditor?
50. When both sides of an a/c. agree what is it said to do?
51. Why are the balances "carried down" when a/cs. are ruled off?
52. **ON PROPRIETARY A/CS.** What is the object of the P. & L. A/c.?
53. Name six sub-divisions of the P. & L. A/c. and state why these sub-divisions are kept.
54. What does the *difference* of a P. & L. a/c. represent?
55. Give the meaning of the word "loss."
56. Explain the difference between "gross profit" and "net profit."
57. What effect has a "net loss" on your capital?
58. What name do you give to the difference of a P. & L. A/c.? and why?
59. What name is given in business to the A/c. of the Proprietor?
60. What are Impersonal A/cs.?
61. Define Capital.
62. What A/c. is debited when the Proprietor withdraws value?
63. Is more than one Capital A/c. ever needed for a business? And if so, when?
64. If you realised a net profit of £50, what effect would that fact have on your Capital A/c.?
65. On which side of the Capital A/c. would you enter "*Invested in business, Cash* £500"? and why?
66. "*Net Loss.*" Would this be a Dr. or Cr. entry in the Capital A/c.?
67. **ON BALANCE SHEETS.** Define a B/S.
68. From what Book is the information for a B/S. principally taken?
69. What *classes* of Accounts show Assets and Liabilities?
70. Define Assets and Liabilities.
71. What is the object of a B/S.?
72. When the Liabilities exceed the Assets what is the difference called?
73. Are Credit Balances Assets or Liabilities?
74. On which side of the B/S. are Assets shown?
75. On which side of the B/S. are the A/cs. due to Creditors placed?

76. Define the word "insolvent."
77. When the Assets are greater than the Liabilities, am I solvent or insolvent, and what would the difference be called?
78. Which side of the B/S. should show the value of stock?

79. **ON DOUBLE ENTRY and JOURNALISING.** What is meant by the "Double Entry System" of Book-keeping?
80. Why should so called "Single Entry" be avoided?
81. What *class* of a/cs. does "Single Entry" fail to keep?
82. What is the name given to the only perfect method of Book-keeping? and what advantage does the system possess?
83. What is the most important book in B? and why?
84. What is a transaction?
85. Why must a transaction be recorded on both sides of the Ledger?
86. What errors is "Double Entry" unable to prevent?
87. Why may not the Ledger be compiled direct from the Waste Book?
88. What is the object of the Journal?
89. What *kind* of a record is the Journal?
90. Why are two money columns needed for the Journal?
91. Why is the Journal called a subsidiary book?
92. Define a Narration.
93. Define Journalising and give an example.
94. Why is the Dr. Money column before the Cr. in the Journal?
95. Is Cr. needed at the end of a Cr. line in the Journal? State reason.
96. Which of the two words "To" or "By" is *not* used in the Journal?
97. Describe how a Journal should be ruled off.
98. What Questions must be answered before any transactions may be recorded?
99. State the rules applicable on making entries in (*a*) Real and Personal A/cs. (*b*) Proprietary A/cs.
100. Why is a Capital A/c. absolutely necessary for every business?
101. Where must double horizontal red lines be ruled?
102. What must be written at the *bottom* of a page when the working is continued on the next page? and what at the top of the continued page?
103. Why should the insertion of noughts in the shillings and pence columns be avoided?

104. **ON POSTING and BALANCING.** Define Posting.
105. What kind of a record is the Ledger?
106. In what order should a/cs. be placed in the Ledger?
107. May the name of an a/c. be used therein?
108. Immediately an entry is posted what is further required?
109. What are the pages of a Ledger generally called?
110. What method is adopted to test the accuracy of posting? Describe it.
111. After testing the posting what is the first step taken towards closing the a/cs.?

112. See questions on Goods A/cs.
113. To what a/c. is "Gross Profit" transferred? and why?
114. What is "Net Profit" and in what a/c. is it ascertained?
115. To what a/c. is "Net Profit" transferred? and why?
116. See questions on Proprietary A/cs.
117. How are Personal A/cs. balanced?
118. Explain the method of proving the books.
119. See questions on Balance Sheets.
120. In closing and ruling off *Real* and *Personal A/cs.* what must you be careful to do with the differences? and why?

121. **ON EXERCISE 20.** What are the two chief differences between a M.O. and a P.O.?
122. In opening a Journal why are Assets always debited?
123. What are "opening entries" and why should they be totalled before proceeding to record the transactions?
124. What is an Invoice?
125. Prepare the two invoices required by the transactions on 1st and 13th Feb.
126. When posting opening entries what word must be used in the Ledger?
127. Define the term "Cash Sales."
128. What transactions are recorded in the Trade Exs. A/c.?
129. To what *class* of a/cs. does the T/E. a/c. belong? and why?
130. Why is the T/E. a/c. called a subsidiary P. & L. A/c.?

131. **ON BANKING and CHEQUES.** What is a Commercial Bank?
132. Name the principal sources of income of a bank.
133. What is the difference between a Deposit and a Current A/c.?
134. What is a Deposit Receipt?
135. State the advantages of having a Banking A/c.
136. What is the first step in opening a Banking A/c.?
137. What is the use and arrangement of a Pass Book?
138. Define a Cheque and a Cheque Book.
139. What is the only method of withdrawing money from a Commercial Bank?
140. What is the stamp duty payable on a cheque?
141. How may cheque books be obtained? and who pays the stamp duty?
142. What is the name of that part of a cheque book which is retained by the sender? What particulars are entered thereon?
143. Name the three kinds of cheques.
144. What is meant by Endorsing and Presenting?
145. What is meant by Ante-dating or Post-dating a Cheque?
146. Do all cheques require endorsing? If not, why not?
147. Compare the effects of a "general" with a "special" crossing.
148. If you received a "crossed" cheque and had no banking a/c., how could you obtain the cash?
149. What is meant by "drawing a cheque"? and what are the four essentials?
150. Explain the word "negotiable."

151. What would be the effect of the omission of "or order" and "or bearer" from the cheque?
152. Why is the amount stated twice in a cheque?
153. When is a cheque stated to be "stale"?
154. Under what circumstances must a Banker refuse to cash a cheque?
155. How soon should a cheque received be paid into Bank?
156. Who suffers the loss where a banker cashes a cheque upon which the signature of a customer has been forged?
157. Explain the term "not negotiable."
158. What a/c. is debited on the receipt of a cheque, and what a/c. is credited?
159. May a cheque received from a debtor be transferred to a creditor? If so, how?
160. What a/c. would be credited on paying away the last-named cheque? and why?
161. On remitting a cheque drawn from your cheque book what a/c. would you credit.
162. How would you journalise a cheque drawn in favour of yourself?
163. What document are you required to use when paying money into the bank? and why? Write one out.
164. On payment in cash what acknowledgment does the banker give to the customer?
165. What is included in the term "Cash"?
166. What are bank notes and what advantage have they over coin?
167. Define "Legal Tender."
168. Why are some banks styled "Banks of Issue"?
169. Name the difference between "Country Notes" and "Bank Notes"?
170. **ON EXERCISES 21 and 22.** What kind of transactions may be combined in Journalising? and why?
171. When is the word "Sundries" used?
172. Draw the cheque sent to Cassell & Co. on 6th March.
173. Draw the cheque referred to on 20th March, £15.
174. Draw the cheque sent to A. Day on 30th March, and show the counterfoil.
175 Write the Credit Slip for 1st April presuming the £1950 to be made up of Cheques, Notes, Gold, Silver.
176. Draw a cheque for the £40 received from Bank, 4th April.
177. Prepare Invoice for 9th April.
178. Define a "Statement."
179. Prepare Statement of G. Webb's transactions for April.
180. Write Invoice of 6th April.
181. Prepare Statement for Coop & Co.'s transactions for April.
182. Define Insurance Premium.
183. **ON EXERCISE 23.** Define Interest and Principal.
184. Why is interest generally allowed to the proprietor of a business in respect of the Capital he invests therein?
185. What are Bank Charges? and how are they journalised?
186. Do Banks make any charge for cashing cheques? If so, what?

187. State how often the Bank Pass Book is balanced, also what fact is then made known.
188. Define Discount and Commission.
189. What is the difference between "Cash" and "Trade" Dis.?
190. What is the rule for entering Discount?
191. To what a/c. is the difference of the Interest and Discount a/c. transferred on balancing? and why?
192. How is the amount of the "Capital" ascertained when it is not given in the opening entries?
193. Prepare Statements of the transactions of Penn & Co., also of A. Carr for May.
194. Draw Cheque for Rent on 30th May.
195. **ON EXERCISE 24.** Define a Bad Debt.
196. When is a person a "Bankrupt"?
197. What advantage does a person derive from being officially declared a "Bankrupt"?
198. What is the difference between being "Insolvent" and "Bankrupt"?
199. Define "Composition" and "Dividend."
200. To what a/c. is the amount of a Bad Debt debited? and to what a/c. is it credited?
201. If you ignored the fact of the bankruptcy of a debtor for £100, what effect would it have on your B/S.?
202. What is an assignment for the benefit of creditors?
203. Why is the Bad Debts A/c. subsidiary to the P. & L. A/c.?
204. What a/c. would you credit on receiving an amount previously written off as bad?
205. To what a/c. is Carriage generally debited? and why?
206. Define "Petty Cash."
207. What is a Petty Cash Book? Give a specimen page with 12 items thereon.
208. What is meant by the term "*On A/c.*"?
209. Give a definition of "Remittance."
210. Why is the Journalising of a Bad Debt similar to the journalising of Discount allowed by me?
211. What does "*Sold on Credit*" mean?
212. Prepare statement of A. Well's transactions for June.
213. **ON EXERCISE 25.** Define Partnership and state the chief advantages thereof.
214. What is an Agreement of Partnership?
215. What events generally dissolve a Partnership?
216. Why is a separate a/c. necessary for each partner?
217. What are Partner's drawings? and how are they recorded?
218. Why must interest be charged to the Partners' A/cs. in respect of *unequal* withdrawals?
219. What is the object of a Partners' Drawing A/c.? and to what a/c. is the difference carried on balancing?
220. To what a/c. should Partners' Salaries be debited? and why?
221. Define Goodwill, and state upon what fact the sale price is generally based.

222 To what *class* of a/cs. does "Goodwill" belong?
223. To what a/c. must the Wages A/c. be transferred? and why?
224. Define Revenue.
225. To what a/c. must Income or Revenue be credited?
226. In dealing with fixed or movable property of any description, to what a/c. would Repairs, Painting, and other expenses be debited; and to what a/c. would permanent Improvements and Additions be debited?
227. Give a Definition of Depreciation.
228. Name some of the methods used in arriving at Depreciation.
229. To what a/c. must the total of the Depreciation A/c. be transferred? and why?
230. ON PRACTICAL EXERCISES 26 and 20. Of what do the majority of transactions consist?
231. Name some of the books required in practical work.
232. Why are Cash transactions entered in a separate book?
233. What is the difference between entering a Cash A/c. theoretically and compiling a Cash Book practically?
234. See questions in Cash A/cs.
235. How may the balance of the Cash Book be proved?
236. To which side of the Ledger must the Dr. entries of the C.B. be posted? and why?
237. Define a Bought or Purchases Book.
238. What is a Guard Book?
239. From what source is the information for the Bought Book obtained?
240. To which side of the Personal A/cs. in the Ledger must the entries in the Purchases Book be posted? and why?
241. To what a/c. and on which side must the *total* of the Purchases Book be posted? and why?
242. Define a Sales or Day Book.
243. From what source is the information for the Sales Book obtained?
244. To which side of the personal a/cs. in the Ledger must the entries in the Sales Book be posted? and why?
245. To what a/c. and on which side must the *total* of the Sales Book be posted? and why?
246. What is the position of the date and Ledger folio column, respectively, in the Purchases and Sales Books?
247. How must the date and the names of the persons be written therein.
248. Make out the two Invoices for the 2nd and 3rd August. Ex. 26.
249. For what purpose is the Journal used in practical work?
250. What are "Opening Entries?"
251. ON PRACTICAL EXERCISES 21 and 22. Why should the Bank A/c. be kept in the C.B.?
252. On which side and in which column of the C.B. are payments by cheque entered? and why?
253. Why does a "Cheque drawn for cash" require entering on both sides of the C.B.?

254. Why does a payment of Cash into the Bank require entering on both sides of the C.B.?
255. On which side and in which column of the C.B. are cheques received entered? and why?
256. If a Cheque received be paid into Bank same day, what column would you enter it in? and why?
257. With what book should the Bank columns of the C.B., in general, correspond?
258. What items may cause a difference between the a/c. at the Bank and the Bank columns of the C.B.?
259. If the balance of the Bank columns of the C.B. should differ from that of the Pass Book, how would you proceed to reconcile the difference?
260. What is a Lease and a Royalty?

261. ON PRACTICAL EXERCISES 23 to 25. Why is the Discount A/c. usually kept in the C.B.?
262. When recording transactions in Cash and Dis. what have you to be careful to do?
263. When carrying down the balances of Cash and Bank why don't you also carry down the differences of the Dis. column?
264. How do you post an entry of Cash and Dis.?
265. Is the relation of the C.B. to the Ledger that of a subsidiary book or otherwise?
266. In recording a transaction involving the receipt of a composition, where is the amount of the Bad Debt recorded?
267. Which book should be posted first? and why?
268. What is an Order Book?

269. ON PRACTICAL EXERCISES 27 to 32. What are tabular Purchases and Sales Books? and what advantage do they afford?
270. Ex. 27. Prepare two Invoices for 1st and 8th April.
271. Make out Statement of transactions with T. Mason, and receipt it as though the balance had been paid by cheque on 1st May.
272. What difference would it make to the B/S. if you failed to record Bell's Bad Debt on 26th April?
273. Why may not the cost of Files and Press on 17th April be debited to T.E.?
274. Draw a crossed cheque in favour of James Gray, 9th April, £80.
275. Ex. 28. What advantage is there in keeping separate a/cs. for Dyewoods and Colours?
276. Make out Invoice against J. Baird & Sons for 7th January.
277. Why should the cost of Horse Corn be debited to T/E. instead of a Real a/c. for Corn?
278. Define Demurrage and Salvage.
279. Make out Gordon & Jackson's Statement.
280. Draw the cheque for 12th January. "Withdrew from Bank."
281. What do the terms Tare, Tret and Waste mean?

282. ON EXERCISE 29. Make out invoice against C. Gray for 2nd September.

283. Why is the £23 for Painting Premises debited to the T/E. A/c. instead of to the Business Premises A/c.?
284. Compile Statement of Alfred Boston's transactions for Sept.
285. Explain the transaction, 28th Sept., "E. Hooley compounded with his Creditors for 10/- in the £."
286 Draw Crossed Cheque in favour of Geisler & Co., 15th September, £400.
287. What is meant by endorsing a Cheque?
288. What is an Audit?

289. **ON EXERCISE 30.** Define the term "Consignment" and "Account Sales."
290. Prepare Credit Slip for the £420 on 14th January, presuming the amount to consist of Cheques, Notes, Gold and Silver.
291. Draw Cheque in favour of A. Bell, 24th January, £210, and show Counterfoil.
292. Make out Invoice against Carter & Co. for 20th January.
293. Define a Receipt and a Voucher.
294. Draw up a separate Receipt for the Cheque received from Carter & Co., on 20th January.
295. Prepare Statement of Brown & Brooke's transactions for Jan.

296. **ON EXERCISE 31.** What is the difference between a Price Current and a Price List?
297. Make out Invoice for the first transaction.
298. Draw up a separate Receipt for the second transaction.
299. Write out a Credit Slip for the payment into the Bank on 2nd Oct., £402.
300. Compile Statement of Transactions of Edward Wade for Oct.
301. Define a "Dishonoured Cheque."
302. Draw Cheque in favour of Bell & Sons, 18th October, £238.
303. Why is it necessary to endorse Hirst's Cheque before sending it to Martin Bros. on the 20th October?
304. What is the effect on your Ledger of the fact that "J. Parson absconded and left no assets"?
305. What subsidiary P. & L. A/c. is kept in the Cash Book? and why?

306. **ON EXERCISE 32.** Define Agent, Factor, Broker.
307. What is an Account Current?
308. Make out Invoice against Bureau & Co., for 6th January.
309. Draw Cheque for the first transaction, also for the £18 on 3rd January, and show Counterfoils.
310. Prepare Credit Slip for the payment into Bank on 7th Jan.
311. What is the object of depreciating the four Assets mentioned on 1st Jan.?
312. What difference would it make if Wilson & Bowler's salaries were debited to their respective Capital A/cs. instead of the P. & L. A/c.?
313. Compile Statement of Transactions of C. Slee for Jan.
314. Why must the cost of the Cart Lamps be debited to the Horses and Carts A/c. and not to the T.E. A/c.?

315. **ON ALL THEORETICAL EXERCISES.** What is the amount of the gross profit or loss?
316. What is the amount of net profit or loss?
317. By how much is the Proprietor richer or poorer as the result of his trading?
318. What amount of money should there be in the Cash Box?
319. State how much is owing to or by the Bank.
320. By how much is the Proprietor solvent or insolvent?
321. What is the total value of the Assets?
322. What is the total amount owing by the Proprietor?
323. What is the value of the Stock?
324. Give a list of the Real A/cs. in the Exercise.

325. **ON ALL PRACTICAL EXERCISES.** What is the total amount of the *credit* purchases of each class of goods dealt in?
326. What is the total amount of the *credit* sales of each class of goods dealt in?
327. What is the amount of the gross profit or loss on each article dealt in?
328. What is the amount of the net profit or loss on the entire business?
329. By how much is the Proprietor richer or poorer as the result of his trading?
330. What is the amount of the balance in possession of the Cashier?
331. What is the total amount paid by cheques.
332. State how much is owing to or by the Bank.
333. Has the Proprietor gained or lost on Discounts?
334. By how much is the Proprietor solvent or insolvent?
335. What is the total value of the Assets?
336. What is the total amount owing by the Proprietor?
337. What is the total value of the Stock?
338. Give a list of Real A/cs. in the Exercise.

The **Slip system of Ledger Posting** is a labour-saving method whereby the necessity of recopying is abolished, as far as possible. For instance, the **Slip Sales Book,** in the form of a file, consists of **carbon copies** of the original Invoices, which have been sent out to the purchasers, and are not recopied into an ordinary, bound, Sales Day Book. The **Sales Ledger** is *posted direct* from these carbon copies of the Invoices. This Ledger, as well as the Purchases Ledger, may either be in the form of an ordinary, bound book, or, better still, the more modern **Slip Ledger,** in the form of loose leaves or cards, filed or cased. A **Summary** of the total amounts of the Invoices is made on the front sheet of the file, and posted either weekly or monthly to the Sales A/c. The same method may be employed with reference to the **original invoices** of **goods bought.** After being checked, they may be placed on the file labelled **Purchases Book,** and the total amount of each Invoice *posted direct* to each creditor in the **Purchases Ledger.** As in the case of the Sales Book, a summary of the totals of the Invoices will be entered on the front sheet of the file and posted to the Purchases A/c. either weekly or monthly.

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1910 S. INDER, Textile Trades' Prize of £3.
1910 W. G. HOPCRAFT, Textile Trades' Prize of £2.
1910 F. J. HINXMAN, Textile Trades' Prize of £1.
1910 W. J. VINCENT, Textile Trades' Prize of £1.
1910 H. ALDEN, } Joint Winners of L.C.C. Prize of £1.
1910 F. G. HAWLEY, }
1911 ALFRED H. JOHNSON, Textile Trades' Prize of £1.
1911 ROLAND LONGTHORNE, Textile Trades' Prize of £1.
1911 H. F. RAVENSCROFT, Society of Accountants' and Auditors' Prize, £5.
1911 REGINALD H. YATES, Textile Trades' Prize of £2.
1911 S. P. BAILEY, Second Prize and Bronze Medal.
1911 H. BICKERTON, Textile Trades' Prize of £3.
1911 V. C. MARTIN, } Joint Winners of the L.C.C. Prize of £3.
1911 ALFRED E. SHEPPARD, }
1911 W. T. RODGERS, } Joint Winners of the L.C.C. Prize of £1.
1911 ALFRED G. SYMES, }
1911 F. A. SHRIMPTON, Central Association of Accountants' Prize of £3.3 0.
1912 R. C. BROWN, Institute of Chartered Accountants' Prize of £10 10 0.
1912 C. COMBES, } Joint Winners of the L.C.C. Prize of £3.
1912 N. A. MOSTYN, }
1912 R. A. YOUNG, Central Association of Accountants' Prize of £3 3 0.
1912 E. A. SPENCER, L.C.C. Prize of £1.
1912 G. W. ANSELL, } Joint Winners of the Textile Trades' Prize of £2.
1912 J. COHEN, }
1912 L. S. BARTON, L.C.C. Prize of £1.
1912 A. J. BRIDGES, L.C.C. Prize of £1.
1913 ARTHUR E. LANGTON, First Prize and Silver Medal.
1913 ELEANOR DEE, Joint Winner of L.C.C. Prize of £2.
1913 WINIFRED M. PERRIS, Joint Winner of L.C.C. Prize of £2.
1913 H. WAREHAM, Textile Trades' Prize of £1.
1913 V. W. GROSVENOR, L.C.C. Prize of £3.
1913 ARTHUR T. GREEN, Joint Winner of L.C.C. Prize of £1.
1913 G. F. ALLARDYCE, Textile Trades' Prize of £3.
1913 GEORGE R. COLE, Joint Winner of Textile Trades' Prize of £1.
1913 ARTHUR GUNTER, Joint Winner of Textile Trades' Prize of £1.
1913 ALFRED E. VAGO, Joint Winner of Textile Trades' Prize of £1.
1914 A. SMITH, Chartered Accountants' Prize of £10 10 0.
1914 H. S. GOSNEY, First Prize and Silver Medal.
1914 A. R. BURNS, Second Prize and Bronze Medal.
1914 E. V. BRADLEY, } Joint Winners of L.C.C. Prize of £3.
1914 R. A. TAYLOR, }
1914 F. C. FREE, Textile Trades' Prize of £1.
1914 C. T. E. BAKER, L.C.C. Prize of £2.
1914 J. HELLERMAN, } Joint Winners of Textile Trades' Prize of £2.
1914 A. J. B. PUSEY, }
1915 H. F. STAPLES, Chartered Accountants' Prize of £10 10 0.
1915 FRANK COOMBS, L.C.C. Prize of £1.
1915 GEORGE W. FUGH, L.C.C. Bronze Medal.
1916 V. H. M. BAYLEY, } Joint Winners of the Institute of Chartered
1916 A. T. TYLER, } Accountants' Prize of £10 10s. 0d.
1916 W. J. H. LOWE, First Prize and Silver Medal.
1916 F. S. F. TAYLOR, L.C.C. Bronze Medal.
1916 J. LEWIS, Second Prize and Bronze Medal.
1916 G. E. MacFARLANE, } Joint Winners of the L.C.C. Prize of £3.
1916 E. WILKINSON, }
1916 LESLIE WADE, Winner of the L.C.C. Prize of £1.
1916 SYBIL E. BARD, } Joint Winners of the L.C.C. Prize of £1.
1916 LILY COCKLE, }

London Chamber of Commerce Medallists—*Continued.*

1917 I. GOLDMAN, Chartered Accountants' Prize of £10 10 0.
1917 A. F. SIMONSON, L. A. SILK, } Joint Winners of L.C.C. Prize of £2.
1917 C. HARDCASTLE, Winner of First Prize and Gold Medal.
1917 J. J. HENNESSEY, Winner of Prize of £3.
1918 C. H. RICHARDS, Chartered Accountants' Prize of £10 10s. 0d.
1918 C. H. BROOKS, W. J. HUGHES, } Joint Winners of Society of Accountants' and Auditors' Prize of £5 5s. 0d.
1918 R. J. DREDGE, J. H. EAST, A. E. MAY, } Joint Winners of L.C.C. Prize of £3.
1918 C. J. CURTIS, Winner of L.C.C. Prize of £3.
1918 M. M. PENNINGTON, A. PICKEN, } Joint Winners of L.C.C. Prize of £1.
1918 T. B. BARNES, Winner of L.C.C. Prize of £1.
1919 R. PAIRMAN, Chartered Accountants' Prize of £10 10 0.
1919 G. EVANS, L.C.C. Silver Medal.
1919 R. F. SMITH, L.C.C. Bronze Medal.
1919 J. CONDRE, "Wernher, Beit" Prize of £5.
1919 T. GLENNIE, "Rothschild" Prize of £5.
1919 W. P. De la HAYE, W. L. PRIZE, } Joint Winners of L.C.C. Prize of £3.
1919 D. R. RIACH, R. SEVERS, } Joint Winners of L.C.C. Prize of £1.
1919 E. D. LUXFORD, Winner of L.C.C. Prize of £2.
1919 P. B. HUBBARD, M. NIXEY, } Joint Winners of L.C.C. Prize of £1.
1920 A. L. ROTHON, Chartered Accountants' Prize of £10 10s.
1920 E. E. SEARLE, F. H. PATTERSON, } Joint Winners of "Rothschild" Prize of £5.
1920 H. FARNDON, L.C.C. Prize of £3, Senior Book-keeping.
1920 E. M. GREEN, H. L. HODGES, } Joint Winners of L.C.C. Prize of £2.
1920 A. K. LOCKYER, L.C.C. Prize of £1.
1920 A. R. BAKER, L.C.C. Prize of £1.
1920 I. HARTLAND, L.C.C. Prize of £1.
1920 G. W. PEARS, L.C.C. Prize of £1.
1920 P. M. PRICE, L.C.C. Prize of £1.
1921 A. E. CROSBY, B. M. FRANCIS, } Joint Winners of Chartered Accountants' Prize of £10 10s.
1921 A. F. BURTT, L.C.C. Gold Medal.
1921 C. GREENHOUGH, L.C.C. Silver Medal.
1921 F. HARGREAVES, L.C.C. Bronze Medal.
1921 H. P. HARRIS, C. W. C. BRETT, } Joint Winners of L.C.C. Prize of £3.
1921 A. J. WAREHAM, B. S. HENSON, T. BOWERS, } Joint Winners of L.C.C. Prize of £2.
1921 R. A. EDWARDS, L.C.C. Prize of £1.
1922 C. G. HILL, Chartered Accountants' Prize of £10 10s.
1922 M. PONCIA, L.C.C. Prize of £3.
1922 W. S. CHAN, L.C.C. Prize of £2.
1922 S. J. CUSHWAY, W. GROOMBRIDGE, } Joint Winners of L.C.C. Prize of £1.
1923 LESLIE R. BELL, Chartered Accountants' Prize of £10 10s.
1923 LAURANCE J. SILLITO, Incorporated Accountants' Prize of £5 5s.
1923 CYRIL S. W. HARRISS, L.C.C. Prize of £3.
1923 LESLIE J. RICE, L.C.C. Prize of £2.
1923 ALBERT BLACKBURN, L.C.C. Prize of £1.
1923 FRED HAWLEY, L.C.C. Prize of £1.
1924 JOHN H. C. EDWARDS, Chartered Accountants' Prize of £10 10s.
1924 JOE ENTWISTLE, Chartered Accountants' Prize of £10 10s.
1924 LESLIE W. INMAN, Incorporated Accountants' Prize of £5 5s.
1924 LESLIE H. HEMSLEY, L.C.C. Prize of £3.
1924 ALFRED C. G. WARLAND, L.C.C. Prize of £3.
1924 PHILIP LAVINE, L.C.C. Prize of £1.
1924 DORIS E. STILES, L.C.C. Prize of £1.
1924 ALFRED W. HOWE, L.C.C. Prize of £1.

NATIONAL UNION OF TEACHERS.

1904 ALBERT F. SAUNDERS, First Prize and Silver Medal.
1905 RICHARD DEACONS, First Prize and Silver Medal.
1905 JOSEPH J. TODD, Second Prize and Bronze Medal.
1906 JOHN F. G. BAGSHAW, First Prize and Silver Medal.
1906 HUBERT BYERS, Second Prize and Bronze Medal.
1906 THOMAS HARRISON, Third Place and Silver Medal.
1906 J. A. MODEL, Fourth Place and Bronze Medal.
1906 P. MURRAY, Fifth Place and Bronze Medal.
1906 F. A. ROOT, Sixth Place and Bronze Medal.
1907 THOMAS J. CUMMINGS, First Prize and Silver Medal.
1907 EDGAR C. HALSEY, Second Prize and Bronze Medal.
1907 FRED G. CARTER, Third Place and Bronze Medal.
1907 ALFRED E. UPSDELL, Fourth Place and Bronze Medal.
1907 JOHN HORN, Fifth Place and Bronze Medal.
1907 JOHN GLASKYN-CLAY, Sixth Place and Bronze Medal.
1908 JOHN R. BENNETT, Second Prize and Bronze Medal.
1909 EDWARD KEEFE, Second Prize and Bronze Medal.
1910 NORMAN D. VINE, First Prize and Silver Medal.
1911 WALTER P. AMPHLETT, First Place and Silver Medal.
1911 EDWARD J. CLAY, Second Place and Bronze Medal.
1912 DANIEL M. PORTEOUS, First Prize and Silver Medal.
1913 HAROLD W. NAISH, Second Place and Bronze Medal.
1914 ARTHUR S. MOORE, First Prize and Silver Medal.
1914 WILLIAM J. BUSH, Second Prize and Bronze Medal.
1915 WINIFRED HOARE, First Prize and Silver Medal.
1915 GEORGE W. BACON, Second Prize and Bronze Medal.
1916 GEORGE W. BACON, First Prize and Silver Medal.
1916 VICTOR H. M. BAYLEY, Second Prize and Silver Medal.
1916 ROBERT M. CLARKSON, First Prize and Bronze Medal.
1917 G. E. MacFARLANE, Second Place and Bronze Medal.
1920 ISIDORE LEVY, First Prize and Silver Medal.
1920 CYRIL G. WIGHTMAN, Second Place and Bronze Medal.
1924 ALFRED H. PARRY, First Prize and Silver Medal.
1924 DONALD FOX, Second Prize and Bronze Medal.

SOCIETY OF INCORPORATED ACCOUNTANTS.

1907 HAROLD KAY, First Prize and Second Place, Intermediate, Dec.
1908 ARTHUR CROSLAND, First Prize and Silver Medal, Final, June.
1908 FREDERICK J. ALBAN, First Place, Intermediate, Dec.
1908 RICHARD G. PYE, Third Place, Final, Dec.
1909 FREDERICK J. ALBAN, First Place and Gold Medal, Final, Dec.
1909 ROBERT P. TIMPANY, Second Place, Final, Dec.
1909 BERTRAM F. BAYLEY, Fourth Place, Intermediate, Dec.
1909 GWILYM E. SAUNDERS, Fifth Place, Intermediate, Dec.
1910 JOHN W. TODD, Ninth Place, Final, May.
1910 ERNEST NICHOL, Fifth Place, Intermediate, May.
1910 GWILYM E. SAUNDERS, First Place and Gold Medal, Final, Dec.
1910 BERTRAM F. BAYLEY, Second Place and Silver Medal, Final, Dec.
1910 HAROLD KAY, Fourth Place, Final, Dec.
1911 CHESHYRE MALPAS, Fourth Place, Intermediate, May.
1911 ROBERT P. WHIPP, Ninth Place, Intermediate, May.
1912 FRANK B. KING, Fourth Place, Intermediate, Nov.
1913 JOSEPH E. STONE, Sixth Place, Intermediate, May.
1913 CHESHYRE MALPAS, First Place and Gold Medal, Final, Nov.
1913 ROBERT P. WHIPP, Fifth Place, Final, Nov.
1913 ALFRED E. SONES, First Place, Intermediate, Nov.
1913 PERCIVAL H. STAFFORD, Second Place, Intermediate, Nov.
1913 LEONARD J. RAGGETT, Fifth Place, Intermediate, Nov.
1913 EDWARD M. SHACKLETON, Eighth Place, Intermediate, Nov.
1914 THOMAS HAWORTH, First Place, Intermediate, May.
1914 WILLIAM MARSHALL, Second Place, Intermediate, May.
1914 THOMAS E. FLOOK, First Prize and Third Place, Intermediate, May.
1914 JOHN R. JOHNSON, Fifth Place, Intermediate, May.
1914 WILLIAM O. J. URRY, Eighth Place, Intermediate, May.
1914 HAROLD GIBSON, Eleventh Place, Intermediate, May.
1914 GEORGE R. RONSON, Twelfth Place, Intermediate, May.
1914 THOMAS A. WRIGHT, First Prize and Second Place, Final, Nov.
1914 STANLEY SCOTTER, Second Prize and Third Place, Final, Nov.

Society of Incorporated Accountants—*Continued.*

1914 ERNEST C. HANCOCK, Fifth Place, Final, Nov.
1914 OLIVER CROMWELL, Eighth Place, Final, Nov.
1915 WALTER H. MARSDEN, First Prize, Intermediate, June.
1915 GEORGE W. BACON, Second Place, Intermediate, June.
1915 FRANK A. WALTON, Second Prize, Final, June
1915 JOSEPH E. STONE, Third Place, Final, June.
1915 REGINALD T. HOLDER, Fourth Place, Final, June.
1915 LEONARD H. GRAVES, Seventh Place, Final, June.
1915 A. LEWIS ROSS, Eighth Place, Final, June.
1915 PERCY ALEXANDER, Ninth Place, Final, June
1915 THOMAS HAWORTH, First Place and Gold Medal, Final, Nov.
1915 PATRICK TAGGART, Second Place, Final, Nov.
1915 ALFRED F. NORMAN, Third Place, Final, Nov
1915 SUBODH K. DAY, Fourth Place, Final, Nov.
1915 LEONARD J. RAGGETT, Fifth Place, Final, Nov.
1915 EDWIN C. RIDING Sixth Place, Final, Nov.
1915 WILLIAM L. KARAMELLI, Eighth Place, Final, Nov.
1915 JOHN LINAHAN, First Prize, Intermediate, Nov.
1915 WILSON MILBOURNE, Second Place, Intermediate, Nov.
1915 ARTHUR E. MIDDLETON, Third Place, Intermediate, Nov.
1915 CYRIL H. GOLDTHORPE, Fourth Place, Intermediate, Nov.
1916 CHARLES W. BRADDY, First Prize and Gold Medal, Final, May.
1916 CLARENCE SNOWDEN, Second Prize, Final, May.
1916 JOHN R. JOHNSON, Third Place, Final, May.
1916 FREDERICK A. CAWSON, Second Place, Intermediate, May.
1916 WILLIAM J. CHING, Third Place, Intermediate, May.
1916 ARTHUR E. MIDDLETON, First Prize, Final, November.
1916 JOSEPH H. SPEED, Third Place, Final, November.
1916 JAMES C. PAGE, First Place, Inter., November.
1916 ARTHUR J. BENJAFIELD, Third Place, Inter., November.
1916 ARTHUR HALLETT, Fourth Place, Inter., November.
1916 ROSS HINDLE, Fifth Place, Inter., November.
1917 M. L. TARMASTER, First Prize, Final, May.
1917 ALFRED B. DAWSON, Second Place, Final, May.
1917 JOHN LINAHAN, First Prize, Final, November.
1917 WADE HUSTWICK, Second Place, Final, November.
1917 THOMAS HANNIBAL, Third Place, Final, November.
1917 HAROLD N. WRIGHT, First Prize, Inter., November.
1918 JOHN DURHAM, Third Place, Intermediate, May.
1918 ARTHUR J. BENJAFIELD, First Prize, Final, May.
1918 WILLIAM J. CHING, First Prize, Final, November.
1918 ROSS HINDLE, Second Place, Final, November.
1918 HAROLD N. WRIGHT, Third Place, Final, November.
1919 FRANK BARRETT, First Prize, Final, May.
1919 THOMAS BELL, First Place, Intermediate, May.
1919 HENRY E. COLESWORTHY, Second Place, Intermediate, May.
1919 ALFRED E. SONES, Eighth Place, Final, Nov.
1919 EDWARD CORRIN, First Prize, Intermediate, Nov.
1919 WILLIAM SCOTT, Second Prize, Intermediate, Nov.
1919 WILLIAM A. JOHNSON, Third Place, Intermediate, Nov.
1920 HENRY E. COLESWORTHY, Gold Medal, Final, June.
1920 HENRY V. VALE, Silver Medal, Final, June.
1920 EDWARD CORRIN, Second Prize, Final, Nov.
1920 PERCIVAL H. STAFFORD, Fifth Place, Final, Nov.
1920 ALFRED PALMER, First Prize, Intermediate, Nov.
1920 JOHN H. WORSLEY, Second Place, Intermediate, Nov.

CHARTERED INSTITUTE OF SECRETARIES.

1909 F. J. ALBAN, First Place, Intermediate, June.
1911 A. A. YEOMANSON, First Place, Intermediate, Dec.
1912 JOHN CHEAR, First Place, Intermediate, June.
1912 HUBERT GRIME, First Place, Final, Dec.
1912 JAMES SMITH, First Place, Intermediate, Dec.
1912 F. F. SHARLES, Third Place, Intermediate, Dec.
1913 R. G. WILES, First Place, Intermediate, June.
1913 H. OATES, Third Place, Intermediate, Dec.
1914 JOHN CHEAR, First Place, Final, June.
1914 J. A. HARTLEY, First Place, Intermediate, June.

Chartered Institute of Secretaries—*Continued.*

1914 J. J. COON, Second Place, Intermediate, June.
1914 A. STABELL, Third Place, Intermediate, June.
1914 S. G. WILLIS, Fourth Place, Intermediate, June.
1914 F. C. HOCKRIDGE, Fifth Place, Intermediate, June.
1915 F. C. THOROGOOD, First Place, December.

INCORPORATED SECRETARIES' ASSOCIATION.

1913 HERBERT H. NEGUS, First Place, Intermediate, Dec.
1913 THOMAS WALKER, Second Place.
1914 HERBERT H. NEGUS, First Place, Final, June.
1914 J. BASS, First Place, Intermediate, June.
1914 A. E. MOUNCHER, Second Place, Intermediate, June.
1914 A. B. REAY, Third Place, Intermediate, June.
1914 ARTHUR JONES (Swansea), Second Place, Intermediate, Dec.
1915 H. DACRE, First Place, Intermediate, June.
1915 T. TYLER, Second Place, Intermediate, June.
1915 W. COLDWELL, Third Place, Intermediate, June.
1915 A. E. MOUNCHER, First Place, Final, June.
1915 R. J. COLE, Third Place, Final, June.
1915 A. G. BULL, First Place, Final, Dec.
1916 H. DACRE, First Place, Final, Dec.
1918 S. G. RHODES, First Place, Intermediate, Dec.
1920 E. TRANFIELD, Second Place, Intermediate, Dec.
1922 W. G. PHILLIPS, Third Place, Final, June.

UNION OF EDUCATIONAL INSTITUTIONS.

1916 S. F. FIELD, First Prize, Elementary.
1916 EDGAR G. ABEL, Second Prize, Elementary.

Miscellaneous Medallists and Prize Winners.

1905 REGINALD E. MUTTON, First Place. College of Preceptors.
1906 GEORGE MORTON, First Prize and Silver Medal Yorkshire Union of I.
1906 THOMAS HAWORTH, Second Place, L. & C. Union.
1906 FREDERICK GRIFFITH, First Place, L. & C. Union.
1907 A. E. JONES, Silver Medal of the Liverpool Incorporated Accountants.
1908 P. KELLY, First in the U.K. at the Taxes Exam. of the Civil Service.
1908 N. S. FISHER, First Prize and Silver Medal for Commercial Correspondence, awarded by the National Union of Teachers.
1908 N. S. FISHER, Second Prize and Bronze Medal for Theory and Practice of Commerce, awarded by the National Union of Teachers.
1908 C. H. MERREY, First Prize, Advanced Book-keeping of the Midland C.U.
1908 MARGARITE BENNELL, First Place, College of Preceptors.
1908 G. G. DUDDLES, First Place at the Examination of Grocers, and Winner of Silver Cup and Purse of £20.
1909 ARCHILOUS TEMLETT, Second Place, College of Preceptors
1909 FREDERICK J. ALBAN, First Place Final Examination of Institute of Municipal Treasurers and Accountants.
1909 W. A. OAKES, First Prize at Inter. Exam. of Chartered Accountants.
1909 WILLIAM CUNLIFFE, First Place, Institute of Bankers.
1907-8-9 HUBERT GRIME, Quadruple Prizeman, Lancashire and C. Union.
1910 G. G. DUDDLES, First Place at the Exam. of the Institute of Grocers, Winner of "Cadbury" Prize of £100, and the "Williams" Prize.
1911 J. H. ROGERS, Silver Medal for Business Methods, L. & C. Union.
1911 E. ASHLEY OAKES, First Prize, Final, Chartered Accountants.
1912 JOSEPH E. STONE, First Place at the Exam. of the National Association of Local Government Officers.
1913 ARTHUR JONES (Swansea), First Place at the Examination of Grocers.
1913 W. J. HODGKISS, First Place, Lancashire and Cheshire Union.
1913 P. S. RANDALL, First Place, Union of Educational Institutions.
1913 H. EVERETT, the only Candidate who took full marks out of 885 for Book-keeping, Second Division Clerks, Civil Service, October.
1913 HAROLD GIBSON, First Place, L. & C. Union.
1913 WILLIAM O. J. URRY, First Place, Central Ass. of Accountants.
1914 A. S. PERUMAL, First Prize of $100, Government Examination of the Federated Malay States.
1914 A. G. SYMES, First Prize and Silver Medal, Auctioneers' Institute.

Miscellaneous Medallists and Prize Winners—*Continued.*

1914 RICHARD G. PYE, Second Place, Final Exam. of Institute of Municipal Treasurers and Accountants.
1914 WILFRED MORRIS, Bronze Medal, Business Training, R.S.A.
1915 ARTHUR E. LANGTON, First Prize of £100 for Commercial Knowledge.
1915 A. G. SYMES, First Prize of £15 and Silver Medal, Surveyors' Institution.
1915 ARTHUR EVANS, First Place and Bronze Medal, R.S.A., Business Methods.
1915 ARTHUR JONES (Swansea), Silver Medal Standard, R.S.A., Theory and Practice of Commerce.
1915 GEORGE E. MacFARLANE, First Prize, London Ass. of Accts., June.
1915 DAVID E. EDWARD, Glasgow Chamber of Commerce Cash Prize of £5.
1915 R. JONES, First Place, L.A.A., Dec.
1916 JOHN WHOOLEY, First Prize, Dept. of Agriculture, Ireland.
1916 R. JAYARAM, Gold Medal, L.C.C., in Methods and Machinery of Business.
1917 G. E. MacFARLANE, First Prize and Silver Medal, N.U.T., Theory and Practice of Commerce.
1917 JOSEPH LYNCH, Second Prize and Bronze Medal, N.U.T., Theory and Practice of Commerce.
1920 E. A. THORPE, Honours and Prize, Corporation of Accountants.
1920 W. F. GOWARD, Silver Medal, L.C.C., Business Methods.
1921 LIM K. LIANG, Second Place, Straits S. Gov., Book-keeping.
1921 B. BORDOLI, Second Prize, Inter., Institute of Municipal Treasurers.
1922 B. BORDOLI, First Prize, Final, Institute of Municipal Treasurers.
1922 W. H. HOPCRAFT, Third Place, Inter., L.A.A.
1922 GEORGE BATTISON, First Place, Institute of Book-keepers.
1922 ALBERT STOTT, First Place and Silver Medal, Final, Central Association of Accountants.
1924 JOHN H. C. EDWARDS, First Cash Prize, City Correspondence College.
1925 LEONARD BURNELL, Second Place, Institute of Municipal Treasurers.

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AND

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